



Daily Report

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Daily Report

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CONTENTS

12 August 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Foreign Ministry Spokesman on Taiwan's Rejoining UN [Beijing Radio]	1
Envoy Explains Abstention From UN Voting on FRY [XINHUA]	1
Drug Seminar Delegate on International Cooperation [XINHUA]	2
Jiang Meets Foreign Participants to Science Conference [XINHUA]	2
Qian Qichen Attends Guizhou Tourism Season Opening [Guiyang TV]	2
Sino-Central Asian Relations Seminar Opens in Beijing [XINHUA]	2
Yang Fuchang, Iranian Official View Ties [Tehran IRNA]	3
Official on Developing South Pacific Trade Ties [XINHUA]	3
International Radio Station Group Visits Shandong [Jinan Radio]	3
ADB Grants to China, Other Nations Reported [XINHUA]	4

United States & Canada

Comparison on Report Citing Article Critical of U.S.	4
Zhu Liang Meets U.S. Congressional Official [XINHUA]	4
President Clinton Names New Joint Chiefs Chairman [XINHUA]	5
'Roundup' on Impact of Deficit Reduction Bill [XINHUA]	5

Central Eurasia

Reportage on PLA Chief of Staff's Russian Visit	6
ITAR-TASS Reports Arrival [Moscow]	6
Military Ties Viewed With Kolesnikov [XINHUA]	6
'No Plan' To Sign Agreements [Moscow ITAR-TASS]	6
Meets First Deputy Defense Minister [Moscow ITAR-TASS]	6
More Cooperation, Exchanges Desired [XINHUA]	7
Russian Spokesman Cited on Military Cooperation [Beijing International]	7
Li Lanqing, Russia's Arkhipov Discuss Ties [XINHUA]	7
Ministers Comment on Sino-Russian Transportation Ties [XINHUA]	7
Bus Service Established With Kazakhstan [XINHUA]	8

Southeast Asia & Pacific

XINHUA Assesses ASEAN Tour by Qiao Shi	8
'Excellent' Sino-Thai Relations Praised [ZHONGGUO XINWEN SHE]	9
Yunnan Official Meets Lao Trade Minister [Kunming TV]	9
Geology Minister Zhu Xun Visits Malaysia [XINHUA]	10

Latin America & Caribbean

Reportage on Activities, Remarks of Liu Huaqiu	10
Meets Peruvian Prime Minister [XINHUA]	10
Views Ties With Fujimori [XINHUA]	10
Talks With Colombian Politicians [XINHUA]	11
NPC Vice Chairman Meets Peruvian Trade Delegation [XINHUA]	11
XINHUA President Meets Mexican Counterpart [XINHUA]	11

NATIONAL AFFAIRS

Political & Social

Official Denies Prison Mistreatment of Liu Gang [XINHUA]	12
RENMIN RIBAO Carries Deng Biography [RENMIN RIBAO OVERSEAS EDITION 12 Aug]	12
Jiang Zemin Hears Shandong Flood Report [Beijing Radio]	12
'Leader' on Ideology for Organizational Reform [Hong Kong TA KUNG PAO 3 Aug]	13
Commentator Commemorates CPC Anniversary [RENMIN LUNTAN 15 Jul]	13
State Repeals Autonomous Powers of Select Cities [Hong Kong HSIANG KANG SHANG PAO 10 Aug]	16
State Limits Number of University Freshmen [XINHUA]	16
Survey Blames Iodine Deficiency for Low IQ's [ZHONGGUO TONGXUN SHE]	17
Review of Beijing TV Series 'China's Gateways'	17

Science & Technology

State To Launch Telecommunications Satellite [CHINA DAILY 12 Aug]	18
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Military

Commentator's Article on Military Training, Part 7 [JIEFANGJUN BAO 28 Jul]	18
Problems in Assimilating New Equipment Noted [JIEFANGJUN BAO 29 Jul]	19
Liu Huaqing Article Mourns Late General Li Da [RENMIN RIBAO 18 Jul]	21
Former Hunan Military District Deputy Head Dies [XINHUA]	23
Jilin Renames Armored Force Technical School [JILIN RIBAO 17 Jul]	24

Economic & Agricultural

Special Article on Zhu Rongji's Economic Views [CHANGZHANG JINGLI RIBAO 17 Jul]	24
State To Take 'Bolder Measures' for Market [XINHUA]	26
Daily Urges Quicker Reform, More Control [RENMIN RIBAO 6 Aug]	26
Securities Regulatory Commission Sets Guidelines [XINHUA]	30
Commission Sets Rules on Internal Stock Issues [XINHUA]	31
Some State-Owned Firms To Assume Liability [CHINA DAILY 12 Aug]	31
Coastal Areas Close Several Development Zones [XINHUA]	32
Columnist Views Economic Structural Changes [RENMIN RIBAO 26 Jul]	32
Commentary on 'Encouraging' Results of Policy [CHINA DAILY 11 Aug]	34
'Ministry of Machine-Building' Officially Set Up [XINHUA]	34
Bo Yibo, Leaders Inscribe for Kunming Fair [Kunming Radio]	35
People's Bank To End Credit Restraints by Dec [Tokyo KYODO]	35
Posts, Telecommunications Minister Tours Hebei [Shijiazhuang Radio]	35
Industrial Output Declines in July [ZHONGGUO XINWEN SHE]	36
State Plans Investment Environment Data Center [XINHUA]	36
Official Reports on State Unemployment Insurance [XINHUA]	36
State Hastens Preparation for 3 Gorges Project [XINHUA]	37
Hubei Plans Bridge for Project [XINHUA]	37
Shanghai Venture To Produce Fax Machine [XINHUA]	37
Report on Beijing Retail Market 'Prosperity' [XINHUA]	38
Ministry Intensifies Grain Management Control [XINHUA]	38
Rising Deposits Fund Cash Payments to Farmers [CHINA DAILY 12 Aug]	38
Soil, Water Conservation Rules Take Effect [XINHUA]	39
State Issues Rules on Water Extraction [XINHUA]	39

REGIONAL AFFAIRS

East Region

Shandong Secretary Issues Directive on Flood [Jinan Radio]	40
Shandong Arrests Five for Tapping Oil Pipeline [Jinan Radio]	41

Southwest Region

Report on Economic Developments in Tibet [XINHUA]	41
Yunnan Sentences 28 Drug Traffickers To Death [YUNNAN RIBAO 27 Jun]	42

North Region

Beijing's Chen Xitong Inspects Fanzipai [BEIJING RIBAO 16 Jul]	43
Beijing Secretary at Police Commendation Meeting [BEIJING RIBAO 16 Jul]	44
Beijing Cadres Investigate, Solve Practical Problems [XINHUA]	45
Hebei Cities Elect New Party Secretaries, Deputies [HEBEI RIBAO 10 Jul]	46
Tianjin's Gao Dezhan Briefs Central Investigation Group [TIANJIN RIBAO 17 Jul]	46
Tianjin Secretary Stresses Importance of Technology [Tianjin Radio]	47
Tianjin Higher People's Court Work Report [TIANJIN RIBAO 14 Jul]	47
Tianjin Port's Sundry Goods Wharf Passes Inspection [TIANJIN RIBAO 17 Jul]	49

Northwest Region

Xinjiang Cuts Burden of Peasants, Herdsmen [XINJIANG RIBAO 25 Jul]	49
Xinjiang's Tomur Dawamat Back From Central Asia [Urumqi TV]	51

PRC MEDIA ON TAIWAN AFFAIRS

Daily Questions Island's Retention of Hijackers [RENMIN RIBAO OVERSEAS EDITION 12 Aug]	52
'Roundup' Discusses New KMT Alliance [XINHUA]	52

TAIWAN

Reports on Reaction to Hijacking From Mainland [Taipei Radio]	54
TV Company Cooperates With Mainland Firm [CHUNG YANG JIH PAO 2 Aug]	54
Li Teng-hui: KMT To Continue To Lead Nation [CNA]	55
Business Leaders To Attend Conference in U.S. [CNA]	55
Taipei To Open Representative Office in Mexico [CNA]	55
Foreigners File Over 90% of Patent Applications [CNA]	56
Foreign Brokerages Apply for Establishment [CNA]	56

HONG KONG & MACAO

Hong Kong

PRC Officials React to Civil Service Policy	57
'No Consultations' With UK [Beijing Radio]	57
'Formal Channel' Not Used [Hong Kong WEN WEI PO 12 Aug]	57
'Roundup' on Effects of Civil Service Policy [ZHONGGUO TONGXUN SHE]	58
'Source' Outlines UK Stance on 1994 Elections [Hong Kong HSIN PAO 12 Aug]	59
Philippine Vice President Arrives in Territory [Quezon City Radio]	59
'Blacklisted' Journalist To Visit Mainland [Hong Kong THE STANDARD 12 Aug]	60
China Investment Bank Issues Notes in Territory [CNA]	60

General

Foreign Ministry Spokesman on Taiwan's Rejoining UN

OW1208120193 Beijing Central People's Radio
Network in Mandarin 1030 GMT 12 Aug 93

[From the "National Hookup" program]

[Text] A Foreign Ministry spokesman today made a statement on the issue of Taiwan's attempt to rejoin the United Nations.

The spokesman said: Recently, the Taiwan authorities have repeatedly talked about rejoining the United Nations, mustered a few countries to put forward the so-called issue of concurrent representative rights of divided countries in the United Nations, and attempted to mislead the international community and realize the goal of fishing in troubled waters.

The United Nations is an international organization of various governments formed by sovereign states. Taiwan, as a province of China, has no qualifications to join the organization.

In 1971, the UN General Assembly adopted Resolution No. 2758 recognizing that the representative of the People's Republic of China is the sole legitimate representative in the United Nations. It decided to restore all rights to the PRC in the United Nations and immediately expel the Taiwan authorities' representative from all organizations under the United Nations. Therefore, the question of China's representative right in the United Nations has long been totally solved politically, legally, and procedurally. The question of Taiwan's rejoining the United Nations is fundamentally nonexistent.

However, lured by the promise of gains from the Taiwan authorities, a few countries have overlooked history and openly put forward the issue of Taiwan's representative right in the United Nations. This is a gross interference in China's internal affairs and we resolutely oppose it.

The Taiwan authorities' attempt to create "two Chinas," "one China, one Taiwan," or "one country with two seats" runs counter to the basic interests of the Chinese nation and goes against historical trends. It will be resolutely opposed by all Chinese people, including people in Taiwan, and cannot possibly receive support from the international community. It is doomed to failure.

Envoy Explains Abstention From UN Voting on FRY

OW1208053493 Beijing XINHUA Domestic Service in Chinese 1034 GMT 10 Aug 93

[(By reporter Gao Jian (7559 1017))]

[Text] United Nations, 9 August (XINHUA)—The UN Security Council adopted a resolution on 9 August, urging the Federal Republic of Yugoslavia [FRY] to

continue cooperation with the CSCE and to take measures to restore activities of the CSCE's special delegation in its territory. The Chinese representative abstained from voting.

The resolution further urged the FRY to ensure security of the CSCE delegation and to grant it free passage when necessary, so that it can fully fulfill its task.

In mid-July, the FRY informed the CSCE that it has decided to refuse the CSCE delegation long-term stay at such areas as Kosovo where, the CSCE maintains, "violence" still prevails, in view of the situation that the CSCE still prohibits the Yugoslav representative from participating in the organization's activities.

In his letter to UN Secretary General Butrus-Ghali, FRY Foreign Affairs Secretary Jovanovic complained: Although the FRY continues to fulfill the CSCE's obligations, has received the CSCE delegation several times, and abides by all CSCE principles and standards, "the Yugoslav representative is still deprived of participation in any CSCE activities, and is not even allowed to participate in discussions on the Yugoslav crisis and to provide information."

In the letter, Jovanovic said: "As long as the FRY is treated as an equal partner, the government is willing and ready to continue cooperation with the CSCE." He requested that the Yugoslav representative's activities in the CSCE be restored.

The CSCE suspended the credentials of the Yugoslav representative on 8 July 1992.

Ambassador Li Zhaoxing, Chinese permanent representative to the United Nations, spoke prior to voting: The Kosovo issue is the FRY's internal affair. As a sovereign state, the FRY's sovereignty, political independence, and territorial integrity should be respected.

Li Zhaoxing pointed out: Preventive diplomacy is under the category of peaceful resolution of disputes in Chapter Six of the UN Charter. It should be applied at the request of the country concerned or with its consent in advance, and should not be imposed on the country. He said: As far as the FRY's Kosovo issue is concerned, the CSCE delegation was dispatched with the FRY's consent. Currently, the two sides hold different views on whether the delegation should stay or leave. They should continue to seek appropriate solution through consultation. Any external intervention or pressure will not help solve the issue appropriately and will only further complicate it eventually.

In today's voting, 14 out of the 15 Security Council member nations voted for the resolution. The Chinese representative abstained from voting.

Drug Seminar Delegate on International Cooperation*OW1208085293 Beijing XINHUA Domestic Service in Chinese 0223 GMT 11 Aug 93*

[By reporter Qi Deliang (2058 1795 5328)]

[Text] Bangkok, 10 Aug (XINHUA)—Speaking at an international seminar on drug control here today, Chinese delegate Ye Dabo said: "China attaches great importance to international cooperation in controlling narcotics, and has made a concerted effort with neighboring countries to jointly crack down on multinational drug trafficking."

Ye Dabo said: Because of its proximity to the "Golden Triangle," China has become a direct victim of drug traffickers. In view of the rampant activities of international drug trafficking and the grim situation arising from the invasion of narcotics into the country, the Chinese Government has defined the fight against narcotics as a national policy, set up the National Narcotics Control Committee, and joined the International Anti-Drug Convention. Through domestic legislation on fighting drugs, the Chinese police and customs have stepped up law enforcement in seizing narcotics and cracking down on drug trafficking and other drug related crimes.

He said: China has always cooperated with the UN Commission on Narcotic Drugs, and Interpol, and has exchanged information with police in relevant countries. He emphasized that the fight against narcotics is a common responsibility of drug producing, drug transiting, and drug consuming countries. Therefore, he urged more countries to join the International Anti-Drug Convention, and appealed to the United Nations to further assist developing countries in terms of funds and technology. He reiterated the need to respect national sovereignty and adhere to the principle of equality and mutual benefit in international cooperation in cracking down on and eliminating drugs.

The seminar, which is cosponsored by the UN Economic and Social Commission for Asia and the Pacific, and the Commission on Narcotic Drugs, is being attended by delegates from Burma, Laos, and Thailand—countries in the "Golden Triangle"—as well as Malaysia, China, Vietnam, and the Philippines. The seminar opened on 9 August and is scheduled to end on 13 August.

Jiang Meets Foreign Participants to Science Conference*OW1208044293 Beijing XINHUA in English 0358 GMT 12 Aug 93*

[Text] Beijing, August 12 (XINHUA)—Chinese President Jiang Zemin, while meeting a group of foreign participants to an international conference, reiterated that the Chinese Government attaches great importance to basic science research.

Jiang was meeting here this morning with participants to the '93 international conference on scanning-tunneling microscopy (STM). Nobel prize winners for physics, Doctor G. Binnig and Doctor H. Rohrer, both working at IBM (International Business Machines Corporation) laboratory at Zurich, were among those present on the occasion.

At the meeting, Jiang said the Chinese Government always supports scientific and technological research. While striving to develop applied science and new products, it "attaches great importance" to research in basic science, he added.

He expressed the hope that foreign scientists will continue to enhance exchanges and cooperation with their Chinese counterparts in different fields, including STM.

Since 1986, six international STM conferences have been held, and this is the first time for the conference to be convened in a developing country.

More than 400 scientists from over 30 countries and regions attended the conference, which is sponsored by the Chinese Academy of Sciences.

Qian Qichen Attends Guizhou Tourism Season Opening*OW1208050493 Guiyang Guizhou Television Network in Mandarin 1130 GMT 10 Aug 93*

[From the "Guizhou News" program]

[Excerpt] A grand ceremony marking the opening of tourism season for Guizhou's Huangguoshu Waterfall Landscape in 1993 was held at the site of the famed waterfall yesterday morning.

The ceremony was attended by Vice Premier Qian Qichen, Vice Chairman Li Peiyao of the National People's Congress Standing Committee, Russian Ambassador to China Rogachev, Kazakh Ambassador to China Auezov, Guizhou provincial leaders, and Chinese and foreign tourists. [video shows close shots of Qian Qichen and Li Peiyao]

After Liu Yi, director of the National Tourism Administration, announced the opening of the tourism season, local residents staged folk and ethnic dancing and singing to usher in the arrival of the tourism season. [passage omitted]

Sino-Central Asian Relations Seminar Opens in Beijing*OW0908132493 Beijing XINHUA in English 1241 GMT 9 Aug 93*

[Text] Beijing, August 9 (XINHUA)—A group of experts and officials from China and the central Asian countries attended today's opening here of a seminar on political and trade relations between China and the central Asian nations.

Xu Dan, deputy director of the China Institute of Contemporary International Relations, said in a keynote speech that many common interests exist between China and the central Asian countries, which enables them to deepen and broaden cooperation in various fields.

It is the common goal of China and the central Asian nations to preserve a peaceful and stable environment both at home and in the world, said Xu, adding that economic and trade cooperation between them, which just got started, still have great untapped potentials.

He noted that as developing countries, China and central Asian countries should be active participants in creating a just and reasonable international order.

K.V. Tuleshevich, director of the Kazakhstan Strategic Study Center, said that his country needs closer links with its neighbors, especially China and Russia, in order to make the most of its vast and rich natural resources and favorable geographical position.

As an inland country, to get an outlet to the sea is of great importance to Kazakhstan. This also requires cooperation with its neighbors, the international expert said.

The two-day meeting has also attracted some business people from the participating countries, who are expected to hold some trade talks during the meeting.

Yang Fuchang, Iranian Official View Ties

LD1108081793 Tehran IRNA in English 0701 GMT
11 Aug 93

[Text] Tehran, Aug. 11, IRNA—Iranian Deputy Foreign Minister Abbas Maleki, now visiting Beijing, held talks with his Chinese counterpart Yang Fuchang Tuesday on bilateral relations and other matters of mutual interest.

The two agreed that both Iran and China should expand economic cooperation and be vigilant vis-a-vis foreign plots and imposed corrupt culture on both countries.

On Central Asia, both sides believed that promotion of friendly relations and strengthening of regional economic grouping such as the 10-member Economic Cooperation Organization could be effective in maintaining peace and stability in the region.

The meeting took place on the sideline of the first international conference on China and Central Asia.

Maleki said cooperation among Central Asian countries played a key role in the development and progress of those states.

The Chinese official said that the Western states exert severe pressure on China and other Third World countries. He called on Tehran and Beijing to take unified stance on certain domineering countries.

Official on Developing South Pacific Trade Ties

OW1208113893 Beijing XINHUA in English 1108
GMT 12 Aug 93

[Text] Nauru, August 12 (XINHUA)—The past year has recorded a considerable growth in trade between China and the South Pacific island nations, along with new progress in friendly relations between them.

This was stated by Hua Junduo, representative of the Chinese Government to the post-forum dialogue meetings of the 24th South Pacific forum here today.

Last year, the trade volume between China and the South Pacific island nations topped for the first time 150 million U.S. dollars while economic ties and trade between China and Australia and New Zealand continued to boost, Hua said at the dialogue meetings.

In addition, exchanges and cooperation in the fields of news media, culture, arts, medical and health work were also expanded, Hua said.

It is the Chinese Government's set policy to persist in developing friendly relations and cooperations with the South Pacific countries, Hua noted, adding that advancing the friendly relations and cooperation between China and the South Pacific countries accorded with the fundamental interests of both the peoples.

While developing both political and economic relations, China has also provided the South Pacific countries with new loans and grants within its capabilities over the past year, Hua said. Though the total amount of loans and aid might not be a big sum, yet, no conditions had been attached to the assistance, which also called for no privilege in return, Hua said.

"Whatever change may occur in the international scene, China will consistently support the South Pacific countries in their just position to maintain peace and stability of the region, safeguard state sovereignty and independence, and protect the rights and interests of the national economies," Hua stated.

China would make itself a credible partner in mutually beneficial economic cooperation with the island in addition to pushing forward its cooperation with the region in economic, trade, and science and technology and all other sectors.

International Radio Station Group Visits Shandong

SK1108070093 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 10 Aug 93

[Text] At the invitation of the information office under the provincial people's government, the 16-member delegation of foreign experts who work at China International Radio Station came to our province recently, braving the sultry summer weather, to learn about progress in the construction of the Shandong maritime

project. They will also cover the news and report it through the transmissions of the international radio station to foreign countries.

On the morning of 10 August, the information office under the provincial people's government held a news conference for the delegation in the Nanjiao Guesthouse of Jinan. Dong Fengji, member of the provincial party standing committee and director of the provincial propaganda department, presided over the news conference and delivered a welcome speech on behalf of the provincial party committee and the provincial people's government.

During the news conference, Vice Governor Song Fatang comprehensively briefed the delegation on the province's situation in reform, opening up, and economic development. (Zhao Kui), vice chairman of the provincial planning commission, gave a detailed briefing to the delegation on the current construction and planning of the province's maritime project. At the news conference, experts from seven foreign countries, including Japan and India, raised questions on subjects they were very interested in.

The delegation will make fact-finding tours of Yantai, Weihai, Qingdao, and Rizhao cities in our province. The news they cover will be broadcast in 48 languages through the transmission of the international radio station.

ADB Grants to China, Other Nations Reported

*OW1208104393 Beijing XINHUA in English 0957
GMT 12 Aug 93*

[Text] Manila, August 12 (XINHUA)—The Asian Development Bank (ADB) today announced a package of technical assistance grants totalling 597,500 U.S. dollars for various projects in six of its developing member countries.

Beneficiaries include Bangladesh, China, Indonesia, Laos, Nepal and the Philippines.

The 99,500-dollar grant for Bangladesh will provide consulting services for an integrated nutrition project which aims at reducing the widespread malnutrition among women and children in the country.

China will get a 99,000-dollar grant, which signifies the bank's first involvement with credit rating agencies in China.

Indonesia also gets 99,000 dollars which is to be used to review the country's environment sector and evolve a comprehensive medium-term strategy for ADB's further participation in the sector.

Laos gets 100,000 dollars for a study on pavement rehabilitation works for Vientiane airport. The technical assistance will also prepare airport base plans for the proposed domestic airports improvement project.

Another 100,000-dollar grant has been earmarked for a management information system in Nepal to strengthen

the country's financial management of development projects, including monitoring government efforts at collecting revenue and the use of foreign-funded projects.

The Philippines also gets a 100,000 dollar grant from the ADB for a re-evaluation study of development project of the Laguna de Bay and re-evaluation of other projects for the area's irrigation and for non-governmental organization microcredit.

United States & Canada

Comparison on Report Citing Article Critical of U.S.

HK1208095593

Beijing RENMIN RIBAO in Chinese on 11 August carries on page 4 an 800-character article by Si Chu, entitled "The United States Should Change Its Hegemonist Work Style." This version has been compared with the 2230 GMT 10 August Central People's Radio Network version, published in the United States & Canada section of the 11 August China DAILY REPORT, pages 2-3, under the subhead "Beijing Radio Report," and found to contain the following variations:

Page 3, column one, partial paragraph at top of column, from the last sentence, make read: ...a hegemonist act. This kind of hegemonist act has already been outdated for a long time, but today, when the world is about to enter the 21st century, the United States still seems to be regarding it as a priceless treasure. [new paragraph]

We should like to ask... (picking up first sentence of next and final paragraph of column, noting additional sentence)

Same page and column, first full paragraph of column and last paragraph of item, from end of last sentence, make read: ...and cooperation among nations. Only this can be regarded as a reasonable practice. (end of item) (noting additional sentence)

Zhu Liang Meets U.S. Congressional Official

*OW1208084893 Beijing XINHUA in English 0805
GMT 12 Aug 93*

[Text] Beijing, August 12 (XINHUA)—Zhu Liang, chairman of the Foreign Affairs Committee of the National People's Congress (NPC) of China, met with Gary Ackerman, chairman of the House Foreign Affairs' Asian and Pacific Sub-Committee of the United States, and his party here today.

The two sides exchanged views on Sino-U.S. relations and other issues.

Ackerman and his party arrived here yesterday. Apart from Beijing, they are scheduled to tour Tianjin, a port city in north China.

President Clinton Names New Joint Chiefs Chairman

OW1108234993 Beijing XINHUA in English 2152
GMT 11 Aug 93

[Text] Washington, August 11 (XINHUA)—U.S. President Bill Clinton today named Army General John Shalikashvili to be the new chairman of the Joint Chiefs of Staff.

The 57-year-old Shalikashvili, currently serving as U.S. commander of NATO, will succeed the present chairman, who is to retire by the end of September.

Clinton described Shalikashvili as a "soldiers' soldier" who knows very well a "myriad of conflicts" and "immense possibilities" facing the U.S. military. The nomination has yet to be confirmed by the Senate.

'Roundup' on Impact of Deficit Reduction Bill

OW1208100993 Beijing XINHUA Domestic Service in
Chinese 0302 GMT 10 Aug 93

["Roundup" by XINHUA reporter Guo Xiren (6753 6932 0088): "U.S. Deficit Reduction Bill's Impact on the Economy"]

[Text] Washington, 9 Aug (XINHUA)—What impact will the U.S. budget-deficit reduction bill have on the economy? The Clinton administration and U.S. economists, as well as different schools of economic thought, hold varied or even widely divergent views on this question.

Upon completion of legislative procedures by the U.S. Congress on 6 August, President Clinton is set to sign the budget-deficit reduction bill into effect this week. The main content of the bill is the reduction of the budget deficit by \$496 billion over the next five fiscal years, by means of a tax increase of \$241 billion and a spending cut of \$255 billion.

The Clinton administration repeatedly publicized claims that the above bill would bring about the sustained growth of the U.S. economy. Its basic standpoint is: The reduction of the budget deficit will cause a decrease in government borrowing; a decrease in government borrowing will increase funds available on the capital market and hence a drop in interest rates; the lowering of long-term interest rates will in turn stimulate corporate investment, housing investment, as well as private consumption, thus bringing about economic growth.

Many economists in the United States question the above standpoint from the following three aspects:

First, it remains anybody's guess as to whether a deficit reduction will cause long-term interest rates to drop. The economists maintain that the budget deficit is only one of the factors that affect long-term interest rates, rather than the sole factor. Facts have proven that, despite the increase in the ratio of the budget deficit to gross

domestic product from 2.7 percent to 4.9 percent, the interest rate for 30-year treasury bonds had dropped to 7.67 percent in 1992 from 13.38 percent in 1981. Taking this year's drop in long-term interest rates as an example, Wall Street financial circles have maintained that it was not caused mainly by a deficit reduction, but by sluggish economic growth and low inflation. On top of that, heavy buying of U.S. Treasury bonds by foreign investors is another factor contributing to the drop in interest rates. According to figures published by the U.S. Treasury Department, foreign investors bought U.S. Treasury bonds worth a total of \$32.6 billion during the period from last September through the end of last March, which was a substantial increase over the \$14.4 billion for the same period of the previous fiscal year.

Second, a lowering of long-term interest rates will not necessarily accelerate economic growth. In line with the argument on the first point, economic growth also is subject to a variety of constraints, and the interest rate is but one of them. Although long-term interest rates have dropped to a 20-year low during the first half of the year, actual economic growth only reached an annual rate of 1.2 percent. Particularly during the second quarter of the year, many economists were puzzled by the annualized 9.5 percent drop in housing investment. Numerous research reports show that consumers are unwilling to increase consumption through borrowing no matter how low the interest rates end up, as long as their income remains stagnant. Likewise, however low the interest rates might be, entrepreneurs will not increase investment or personnel as long as they are worried about product sales.

Finally, the bill itself has a two-faceted impact on the economy. Economists pointed out that, the projection that a reduction in the budget deficit will create conditions for lowering long-term interest rates, which will in turn help economic growth, is but one facet of the issue. The other facet is that the spending cut and tax increase will also adversely affect the economy. The question is, which one of the effects is greater? The Clinton administration is counting on the drop in long-term interest rates to totally offset the harmful effects of the spending cut and tax increase. A majority of private economists, however, maintain that the bill's negative impact will outweigh its positive effects. Even economists who support the bill believe that its implementation will bring down the actual rate of economic growth for the next few years by 0.3 to 0.5 percentage points. The supply-side economists believe that Clinton is engaged in an "adventure" and "gamble." They point out that Clinton bet his "stakes" on the budget deficit reduction only after his short-term economic stimulus plan and long-term investment program were basically rejected by Congress. According to supply-side theorists, the tax increase will slow down economic growth, which will in turn reduce government revenue; hence, the objective of cutting the budget deficit will remain difficult to attain.

Central Eurasia**Reportage on PLA Chief of Staff's Russian Visit****ITAR-TASS Reports Arrival**

*LD1008143393 Moscow ITAR-TASS in English 0953
GMT 10 Aug 93*

[By ITAR-TASS correspondent Roman Zadunaitskiy]

[Text] Moscow August 10 TASS—Chief of the General Staff of the Chinese People's Liberation Army Colonel-General Zhang Wannian, who arrived here Monday evening, began his official visit to Russia by going to the Kubinka air force garrison near Moscow in morning today. The Chinese officers were shown the latest models of Russian aircraft. Russian pilots displayed their flying skills and the performance of their aircraft to the Chinese guests.

Colonel-General Zhang Wannian will visit the military academy of the General Staff of the Russian Armed Forces in the afternoon today, where he will acquaint himself with the tuition process and the equipment used for this purpose.

On August 11 Colonel General Zhang Wannian will meet First Deputy Defence Minister of Russia Andrey Kokoshin and Chief of the General Staff of the Russian Armed Forces Colonel-General Mikhail Kolesnikov. The meeting will take place at the Russian Defence Ministry.

The Chinese delegation will also visit the cosmonauts training centre, the motorised infantry brigade of the Moscow military area, and will travel to St. Petersburg and Volgograd.

Zhang Wannian's current visit to Russia, which will last until August 17, is a continuation of the contacts between the defence establishments of the two countries. Thus, a Russian military delegation, led by First Deputy Defence Minister of Russia Andrey Kokoshin, visited China in October 1992. Kokoshin and Chinese Defence Minister Colonel-General Qin Jiwei had discussed matters linked with the promotion of bilateral military relations. They declared their intention to contribute to the further development of these relations on the basis of mutual benefit and equality, for the sake of security in the Asia-Pacific region.

Military Ties Viewed With Kolesnikov

*OW1208013693 Beijing XINHUA in English 0122
GMT 12 Aug 93*

[Text] Moscow, August 11 (XINHUA)—The Chinese armed forces want to have various forms of friendly exchanges with their Russian counterparts, said General Zhang Wannian, visiting chief of General Staff of the Chinese People's Liberation Army (PLA).

In his talks this morning with Chief of General Staff of the Russian Armed Forces General Mikhail Kolesnikov, Zhang said that Chinese military leaders have all the time attached great importance to the development of friendly military relations between the two countries.

Kolesnikov said that Zhang's visit is a significant event in the Russian-Chinese diplomatic and military relations.

The Russian military leaders also want to have further friendly exchanges with their Chinese counterparts, said Kolesnikov.

After the talks, the Chinese guests were entertained to a luncheon by General Kolesnikov.

Also today, Russian First Deputy Defense Minister Andrey Kokoshin met Zhang and his delegation.

'No Plan' To Sign Agreements

*LD1108101593 Moscow ITAR-TASS World Service in
Russian 0858 GMT 11 Aug 93*

[By ITAR-TASS correspondent Vladimir Gondusov]

[Text] Moscow, 11 Aug—Colonel General Mikhail Kolesnikov, chief of general staff of the Russian Federation Armed Forces, had a meeting today with Colonel General Zhang Wannian, chief of the general staff of the People's Liberation Army of China, who arrived in Moscow on 9 August. They had an exchange of views on a number of military-economic problems concerning the interests of both countries.

Colonel General Mikhail Kolesnikov stressed in a conversation with the ITAR-TASS correspondent after the meeting that "there is no plan to sign any documents whatsoever during the visit by my colleague. This is an exchange of views, the establishment of personal contacts, generally speaking, work toward the long term."

Colonel General Zhang Wannian is also to meet Andrey Kokoshin, First deputy minister of defense of Russia, today.

Meets First Deputy Defense Minister

*LD1108153593 Moscow ITAR-TASS in English 1321
GMT 11 Aug 93*

[By ITAR-TASS correspondent Vladimir Gondusov]

[Text] Moscow, August 11 (TASS)—First Deputy Defence Minister of the Russian Federation Andrey Kokoshin met here today Colonel-General Zhang Wannian, chief of the General Staff of the People's Liberation Army of China. General Kokoshin told journalists after the meeting that "the Chinese side is interested in cooperating with us. This meets the requirements of our industry". He particularly noted that cooperation was effected with due account of the security interests of both states.

Kokoshin said that Russian Defence Minister Pavel Grachev would pay a visit to China this autumn, in the course of which the sides expect to sign several military documents.

More Cooperation, Exchanges Desired

OW1208084393 Beijing XINHUA in English 0831
GMT 12 Aug 93

[Text] Moscow, August 12 (XINHUA)—The visiting chief of general staff of the Chinese People's Liberation Army, Col. General Zhang Wannian, met here today with his Russian counterpart Mikhail Kolesnikov, when they discussed furtherance of bilateral military cooperation.

Zhang, also a member of the Military Commission of the Central Committee of the Chinese Communist Party, said China has been attaching great importance to the friendly relations between the two armies and is willing to increase cooperation in various forms in accordance with needs and possibility.

Chief of General Staff of the Russian Armed Forces Kolesnikov also expressed desires to further develop the friendly exchanges between the two armies.

Russian Spokesman Cited on Military Cooperation

OW1208023893 Beijing China Radio International in Russian 1900 GMT 11 Aug 93

[Text] Our Moscow correspondent reports: Karasin, spokesman of the Russian Foreign Ministry, said at a news briefing on 10 August that military and technical cooperation between Russia and China, based on universally accepted norms and principles, poses no threat to any third country. Karasin said this on the occasion of the visit to Russia by Zhang Wannian, chief of the People's Liberation Army General Staff.

Karasin remarked that the volume of trade between Russia and China in the field of military and technical cooperation in 1992 amounted only to 1.8 billion dollars.

Li Lanqing, Russia's Arkhipov Discuss Ties

OW1208081393 Beijing XINHUA in English 0747
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Ivan Vasilyevich Arkhipov, honorary president of the Russian-Chinese Friendship Association and former vice-chairman of the Council of Ministers of the Soviet Union, and his party.

They discussed bilateral economic and trade ties and other issues of common interest.

Arkhipov, aged 86, and other Russian visitors are on a ten-day visit to China at the invitation of South China's Shenzhen City government.

Ministers Comment on Sino-Russian Transportation Ties

OW1108131993 Beijing XINHUA in English 1309
GMT 11 Aug 93

[Text] Beijing, August 11 (XINHUA)—China and Russia will increase cooperation in the field of transportation in order to promote the development of Sino-Russian economic and trade ties.

This agreement was announced by officials from the two countries following recent talks here between Han Zhu-bin, Chinese minister of railways, and a Russian delegation headed by G.M. Fadeyev, Russian minister of railway transportation.

After week-long talks, the two sides signed the minutes of talks.

In an interview with XINHUA, Han said that the two countries have always maintained close relations in terms of rail transportation, and that the recent talks had yielded positive results.

"During the talks, the two sides have jointly or respectively undertaken effective measures to improve the efficiency of the rail transportation between the two countries," Han said. "The implementation of the measures will improve the joint rail freight transportation between the two countries."

"This will also contribute to the development of Sino-Russian economic and trade relations."

Fadeyev said that since the two countries are close neighbors, rail transportation is very important, and added that about 65 percent of bilateral trade is conducted through railways.

"Through the efforts of the two sides, the freight volume carried out by the railways linking the two countries will increase by 100 percent by 1995," he said. "As a result, the trade volume will reach 8.5 to 10 billion U.S. dollars."

Since many people in Russia want to visit China or do businesses here, the transportation demand for about 30 percent of passengers cannot be met at present, Fadeyev said.

Therefore, the two sides have agreed to open more passenger trains between Moscow and Beijing, and from Siberia to Harbin, the capital of northeast China's Heilongjiang Province, he added.

Meanwhile, some concrete measures have also been adopted by the Russian side to increase its efficiency in freight transport to China, Fadeyev said.

"The transportation of all important equipment China imports from Russia will be guaranteed," he said.

As for cooperation concerning rail science and technical research, an official from the Chinese railways ministry

said that the two sides had dispatched over 30 observation groups to the other country over the past five years.

New cooperative projects have also been agreed upon during the talks from August 3 to 10, he said.

Fadeyev said that China had made some achievements in transportation automation, and that Russia would like to increase bilateral cooperation in this area. He added that joint research should also be conducted in new materials and other areas.

Bus Service Established With Kazakhstan

OW1108183293 Beijing XINHUA in English 1427
GMT 11 Aug 93

[Text] Urumqi, August 11 (XINHUA)—A non-stop bus service between Yining, in Northwest China's Xinjiang Uygur Autonomous Region, and Almaty, the capital of Kazakhstan, began operating early this week.

With one terminal located in Yining, an open city on the northwestern tip of China, and the other in Almaty, each week, two buses will make the shuttle trip on the 485-kilometer line.

At present, 12 bus transportation lines link China with its neighbors in Central and West Asia.

Southeast Asia & Pacific

XINHUA Assesses ASEAN Tour by Qiao Shi

OW1108183493 Beijing XINHUA in English 1451
GMT 11 Aug 93

[By Peng Shujie]

[Text] Kunming, August 11 (XINHUA)—Qiao Shi, chairman of the Standing Committee of China's National People's Congress (NPC), completed his tour of five member countries of the Association of Southeast Asian Nations (ASEAN) today and arrived here this afternoon.

During the tour, which took him to Indonesia, Malaysia, the Philippines, Thailand and Singapore, Qiao held extensive talks with government and parliament leaders on regional security, bilateral relations, inter-parliamentary exchanges, economic cooperation and other issues of mutual concern.

Sources from Qiao's delegation expressed the view that the visit, the first of its kind to ASEAN member countries by a Chinese parliament speaker, had helped enhance understanding, friendship and cooperation between China and the ASEAN, and had brought bilateral cooperation to a new stage of all-round development.

In Manila, Qiao elaborated the four principles followed by China in developing relations with ASEAN countries: opposition to hegemonism in all circumstances; equality, mutual benefit and common development in economic

relations; independence, mutual respect, close cooperation; and mutual support in international affairs.

"By following these principles, China has normalized its relations with all ASEAN countries and is conducting fruitful cooperation with them in the political, economic, scientific and technological, cultural and other fields," he said.

Qiao also stressed that China will always be a major force in maintaining peace and stability in this region and in the whole world.

He reiterated that China would work unswervingly to cultivate a long-term, stable and good-neighborly relationship of friendship with the ASEAN countries.

The above-mentioned principles and stands have won appreciation from leaders of the host countries. They expressed the hope for further strengthening cooperation with China in various fields.

Qiao Shi has stressed that within the term the current congress should finish the framework of socialist market economic law system so as to suit the development of socialist market economy.

Qiao said that China should learn from the five ASEAN countries in their successful experiences in economic development and construction of legal systems and democracy.

To promote the exchanges and cooperation between China's NPC and the parliaments of the ASEAN countries, China's NPC has established a Sino-Indonesian friendly cooperation group. A friendly association of congressmen between China and the Philippine congress will also be established very soon.

During Qiao's tour, the congress leaders of Thailand, Malaysia, and Singapore all expressed the wish to further promote exchanges and cooperation with the Chinese congress.

During his tour, Qiao met with the representatives of Overseas Chinese in the five ASEAN countries. He expressed the hope that Overseas Chinese would abide by the laws of the country where they lived and contribute to its economic development. He said that the Chinese Government supported Overseas Chinese in choosing their nationalities on their own free will.

On behalf of Chinese Government, Qiao expressed his appreciation to the five ASEAN countries for their friendly policies to Overseas Chinese living in them.

Qiao's 22-day visit to the five ASEAN countries has gained great achievements and greatly promoted friendly relations.

'Excellent' Sino-Thai Relations Praised

HK1208031593 Beijing ZHONGGUO XINWEN SHE
in Chinese 1240 GMT 9 Aug 93

[By staff reporter Dai Yaping (2071 0068 1627)]

[Text] Bangkok, 8 Aug (ZHONGGUO XINWEN SHE)—Of the five ASEAN countries, Thailand is closest to China geographically. After flowing into Thailand, China's Lancangjiang becomes Thailand's Chao Phraya River. The river is a link between China and Thailand as well as a symbol of Sino-Thai friendship.

Apart from political, geographic, commercial, trade, and blood ties between China and Thailand, Chinese and Thai Buddhists have also maintained bilateral contacts for more than 1,500 years. The excellent Sino-Thai relations have been further attested to by remarks made by Qiao Shi, PRC National People's Congress [NPC] Standing Committee chairman, who said during his recent visit to Thailand: "I believe that the Chinese and Thai peoples are as friendly as if they were relatives." This was affirmed by another senior Chinese official accompanying Qiao Shi during his Thailand visit, who said: "There has not been a cross word between China and Thailand since the two countries established diplomatic relations."

The Chinese and Thai leaders have also maintained frequent contacts with one another ever since China and Thailand established diplomatic relations. Chinese Presidents Li Xiannian and Yang Shangkun, as well as two Chinese premiers, have paid visits to Thailand, and Thai prime ministers, parliamentary heads, and religious leaders have also visited China one after another. It is believed that the current Thailand visit by Qiao Shi, the PRC's NPC Standing Committee chairman, is bound to boost exchanges and cooperation between the two countries and enhance the existing friendly relations between China and Thailand.

Over the past several years, China and Thailand have had common understanding on a wide range of regional and international issues. During his current Thailand visit, Chairman Qiao Shi reiterated China's consistent stand on the question of Cambodia and on the situation of the Asia Pacific Region. Qiao Shi stated in no uncertain terms that China is willing to join hands with Thailand in making continued and due contributions to the maintenance of peace and stability in the region.

By using this opportunity, Chairman Qiao Shi also reiterated China's consistent policy concerning Overseas Chinese. He spoke highly of the friendly policies adopted by the Thai Government toward Overseas Chinese living in Thailand, saying that such policies have made things easier for the Thailand-based Overseas Chinese to live and work in peace and happiness. While showing great concern and affection for the Overseas Chinese on behalf of the Chinese Government, Qiao Shi also urged the Thailand-based Overseas Chinese to abide by the host

country's laws, coexist with the local people on friendly terms, and make contributions to the host country's economic prosperity.

For historical reasons, several million Overseas Chinese have settled in this fertile land called Thailand, and they have lived in peace and friendship with the local people. As a result, the Thailand-based Overseas Chinese and the Thai people have lived together in perfect harmony as if they were of one family. During his recent visit, Chairman Qiao Shi saw with his own eyes and heard with his own ears about the situation. He was especially impressed by the ardent hope expressed by both the Thailand-based Overseas Chinese community and people from all walks of life in Thailand: "China and Thailand will become prosperous and strong countries. Sino-Thai friendship will last forever." At a time when tribal wars and armed conflicts between people of different nationalities are breaking out in many parts of the world, the typical harmonious coexistence between the Thailand-based Overseas Chinese and the Thai people has become even more valuable.

Since China began implementing the policies of reform and opening up, many southern Chinese provinces have embarked on expanding commercial links with the Southeast Asian countries in an attempt to promote common prosperity throughout the region. Yunnan and other provinces have also started building railroads, extending airports, and dredging river channels. Coincidentally, this year the Thai Government and non-governmental circles both proposed a "golden quadrilateral region" strategy. The fast growing East Asian region has entered a new stage characterized by common development and common prosperity, and it can be said that there has been smooth sailing thanks to a strong wind. It is expected that China and Thailand will carry out more bilateral economic cooperation in the future.

In ten days or so, Thai Prime Minister Chuan Likphai will lead a large delegation to China. The Thai prime minister's upcoming China visit is bound to enhance Sino-Thai friendship and cooperation.

Yunnan Official Meets Lao Trade Minister

OW1208045693 Kunming Yunnan Television Network
in Mandarin 1130 GMT 11 Aug 93

[From the "Yunnan News" program]

[Text] Li Shuji, vice chairman of the provincial people's congress standing committee, met with Lao Trade Minister Sompadit Volasan and his party at the Kunming Hotel yesterday afternoon. [video shows shots of Li shaking hands and chatting with the visitors]

After extending a welcome to the Lao visitors attending the First Kunming Export Commodity Trade Fair, Li Shuji said: There are great prospects for cooperation between Yunnan Province and Laos in economic affairs, technology, and tourism. It is hoped that the two sides will jointly step up the construction of transport and

other infrastructural facilities, especially the Mekong River navigation course, for further promoting bilateral exchange and cooperation.

On his part, the Lao minister said: Through participating in the Kunming Export Commodity Trade Fair, we have witnessed the rapid economic construction in Yunnan Province. We also hope to step up friendly contacts for promoting bilateral economic and other cooperation.

Lao Ambassador to China Ponmek and officials of the provincial foreign affairs office attended the meeting.

Geology Minister Zhu Xun Visits Malaysia

OW1108153693 Beijing XINHUA in English 1435 GMT 11 Aug 93

[Text] Kuala Lumpur, August 11 (XINHUA)—China is prepared to join the Association of Tin Producing Countries (ATPC), according to Minister of Geology and Mineral Resources Zhu Xun.

Zhu announced this when he called on Malaysian Prime Minister Mahathir Mohamed here today.

He said China will join the group on the basis of favorable conditions adopted by the ninth ATPC ministerial meeting.

Zhu arrived here Tuesday [10 August] for a four-day visit to Malaysia.

During the meeting at his office here, Mahathir expressed warm welcome to Zhu Xun, saying the exchange of visits between Malaysia and China is quite important to the promotion of bilateral relationship.

He said the rapid development of the Chinese economy is attractive to the Malaysian investors.

Malaysia is willing to develop economic cooperation with China, including the area of geology and mineral resources, he said, adding that it is also beneficial for both countries to participate in projects in third countries, as the latter may be rich in mineral resources but short of capital and technology.

Mahathir said in the next 20 to 30 years, East Asia is expected to grow and become an area with regional trade as large as it is in Europe and America, therefore Malaysia has proposed the formation of East Asia Economic Caucus.

Present at the meeting was Chinese Ambassador to Malaysia Jin Guihua.

Zhu Xun was also received by International Trade and Industry Minister Aziz Rafidah this morning.

On Thursday, Deputy Prime Minister Abdul Ghafar is scheduled to meet and host a dinner for Zhu Xun before he leaves for Kuching to visit Sarawak.

Latin America & Caribbean

Reportage on Activities, Remarks of Liu Huaqiu

Meets Peruvian Prime Minister

OW1208060493 Beijing XINHUA Domestic Service in Chinese 1040 GMT 10 Aug 93

[By reporter Wang Quanfu (3769 2938 1381)]

[Text] Lima, 9 Aug (XINHUA)—Peruvian Prime Minister Oscar de la Puente, who is also foreign minister of the country, met with the visiting Chinese Vice Foreign Minister Liu Huaqiu here on 9 August.

At the meeting, De la Puente said: Peru and China, two developing countries, share identical views on a number of major international issues, and have achieved notable progress in bilateral economic and trade cooperation. The two countries are enjoying the best friendly and cooperative relations since the establishment of diplomatic relations.

Expressing optimism and confidence in the continuous expansion of friendly cooperation between the two countries, he said that the Peruvian Government will always support China's principled stand on major issues.

On his part, Liu Huaqiu spoke highly of the Peruvian people's achievements in defending national sovereignty and developing the national economy, adding that there are solid foundations and broad prospects for friendly cooperation between the two countries.

This afternoon Liu Huaqiu also held talks with two Peruvian vice foreign ministers in charge of international political and economic affairs. The two sides exchanged views on the further development of bilateral ties and international issues of common concern.

Touching on human rights, both sides agreed that the safeguarding of national independence and sovereignty and emphasis of the right of development are the most basic human rights. The two sides pledged to resolutely oppose the use of human rights as an issue to interfere in other countries' internal affairs.

Liu Huaqiu arrived in Peru on the afternoon of 7 August on a working visit at the invitation of the Peruvian Foreign Ministry.

Views Ties With Fujimori

OW1208061893 Beijing XINHUA Domestic Service in Chinese 0521 GMT 11 Aug 93

[By reporter (3769 2938 1381)]

[Text] Lima, 10 Aug (XINHUA)—Peruvian President Fujimori pointed out during his meeting with Chinese Vice Foreign Minister Liu Huaqiu here on 10 August:

Under the present situation, it is particularly important for developing countries to enhance coordination with China.

Fujimori said: China is a country which holds the balance in the world. The Peruvian Government attaches great importance to developing friendly and cooperative relations with China. Peru and China share common interest in many international issues.

He said: In recent years, the Peruvian-Chinese relations have been strengthened and developed. From now on, we should take further positive measures to promote bilateral relations, particularly measures to strengthen economic cooperation and trade.

He said that Chinese enterprises are welcome to invest in Peru.

Liu Huaqiu said: President Fujimori's visit to China in 1991 played an important role in promoting friendship and cooperation between the two countries. Now, the friendly cooperation between the two countries has become even more diversified in form and broader in scope, and the two countries are taking even firmer steps. With efforts being made by the two sides, even greater development will be made in bilateral relations.

Liu Huaqiu, as a special envoy of the Chinese Government, attended new Bolivian President Sanchez de Lozada's inauguration on 6 August, and arrived in Peru on a working visit on 7 August. He left Peru for Colombia this afternoon.

Talks With Colombian Politicians

OW1208093193 Beijing XINHUA in English 0839
GMT 12 Aug 93

[Text] Santa Fe de Bogota, August 11 (XINHUA)—Francisco Jattin, president of House of Representatives of Colombia, today expressed his admiration for China's high-speed economic development in recent years.

During the meeting with visiting Chinese Vice-Foreign Minister Liu Huaqiu, Jattin praised China's great achievements and expressed his welcome to Liu's visit. He also proposed forging of closer bilateral cooperation by establishing friendship groups in both countries' parliaments.

On Wednesday, the Chinese vice-minister also held talks with his Colombian counterpart Luis Guillermo Grillo on bilateral ties and international issues. Liu arrived here on Tuesday for a working visit.

NPC Vice Chairman Meets Peruvian Trade Delegation

OW1208121793 Beijing XINHUA in English 1152
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—Ni Zhifu, vice-chairman of China's National People's Congress (NPC) Standing Committee and president of the All-China Federation of Trade Unions (ACFTU), met with and feted a delegation from the General Trade Union Confederation of Peru (CGTP) here this evening.

The delegation, headed by Teodulo Hernandez Valle, secretary general of the CGTP, arrived here yesterday as guests of the ACFTU. In addition to Beijing, they are also scheduled to visit Dalian and Shanghai.

XINHUA President Meets Mexican Counterpart

OW1208015993 Beijing XINHUA in English 0043
GMT 12 Aug 93

[Text] Mexico City, August 11 (XINHUA)—China's XINHUA NEWS AGENCY and Mexico's news agency NOTIMEX have enjoyed good working relations and will further strengthen their relations, said XINHUA President Guo Chaoren.

At a meeting with NOTIMEX Director General Ruben Alvarez here Tuesday, Guo said that the two countries share similar ancient civilization backgrounds and that since "both countries are facing the same tasks of development, I believe that we have many interests in common."

In today's world a country must participate in the world market to develop and the development of the Third World countries requires cooperation among themselves, he said.

He stressed that China attaches great importance to its relations of cooperation with Mexico in the political, economic and diplomatic areas.

On the economic reform carried out in China over the past decade, Guo said that thanks to that reform, China, with a population surpassing the 1 billion mark, of which 80 percent are peasants, has basically eradicated famine.

NOTIMEX's director general, in turn, spoke briefly about the political and economic reforms that have been taking place in Mexico since 1988 and expressed great interest in learning about the current situation in China.

Guo, who arrived here Monday on a four-day visit to Mexico at the invitation of the NOTIMEX, met Rodolfo Becerril, secretary of the high commission and chairman of the Foreign Affairs Commission of the Chamber of Deputies, this morning.

Political & Social

Official Denies Prison Mistreatment of Liu Gang

OW1208104093 Beijing XINHUA in English 1005
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—The overseas report that Liu Gang received inhumane physical and mental treatment in prison was purely fabricated, an official of the local judicial department said here today.

The official told XINHUA that Liu, who is serving a prison term for breaking the criminal law, has received humane treatment in accordance with law and is healthy both in body and mind.

Liu was arrested in June 1989 and sentenced to six years in prison in accordance with the law for engaging in subversion of the Chinese Government.

During a recent interview, this reporter saw Liu Gang in good health. Liu, 1.66 meters tall, weighs 68.5 kilograms, 3.5 kilograms more than when he entered the prison. Liu told the reporter that he takes physical exercise and gets one hour of sun every day.

Prison officials and inmates sharing a room with Liu said that they have never seen nor heard of Liu Gang being beaten in prison.

The prison hospital gives all prisoners regular physical checkups. The vice-director of the hospital said that Liu has not suffered from any severe diseases since he was imprisoned. When he experienced such minor ailments as headaches, heart palpitations or diarrhea, he was always treated swiftly.

As Liu majored in physics in college, the prison authorities have agreed to his request and allowed him to conduct his academic writing without participation in manual labor. He is writing an academic book titled "Natural Economics and Mathematics Principles." Liu said that he has written about 300,000 words.

The official of the judicial department pointed out that Liu Gang and other persons who have fabricated and spread the rumors that he has been maltreated in prison obviously harbor ulterior motives and personal purposes.

According to prison officials and Liu Gang's fellow inmates, Liu has repeatedly claimed: "No one will not believe the saying that prison officials beat prisoners"; "I will not let foreigners forget me"; and "a lie will become truth after a hundred repetitions. I have done what I could."

Officials of the judicial department said that Chinese prisons have always treated prisoners according to law. "Facts clearly show that we have treated Liu Gang according to law and given him humane treatment. We will continue to do so in the future.

"Any attempts to fabricate sensational rumors, attack us and exert pressure on us in this case will be in vain," a judicial official said.

RENMIN RIBAO Carries Deng Biography

HK1208034393 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 12 Aug 93 p 1

["Editor's note: Today RENMIN RIBAO OVERSEAS EDITION Begins To Carry Installments of the First Volume of the Full-Length Biography *My Father Deng Xiaoping*"]

[Text] The full-length biography *My Father Deng Xiaoping* (First Volume), which Deng Xiaoping's daughter Xiao Rong (using the name Mao Mao) spent three years writing, will be published for the broad masses of readers in the middle of September.

The author has used the flashback method to write the book, beginning with the first day of Deng Xiaoping's resignation. The book describes the ancestors and family background of the Deng family and gives an account of Deng Xiaoping's revolutionary career before 1949. The biography carries full and accurate data, and the style of writing is vivid and simple. While giving a historical description of this great revolutionary, the author often provides some interesting sidelights, anecdotes, and tidbits. The book carries the weight of history and contains family affection.

The biography (first volume) consists of 460,000 characters and is being published by the Party Literature Publishing House. With the consent of the author and the publishing house, RENMIN RIBAO OVERSEAS EDITION today begins to carry installments of the book, including some of the chapters and sections for its readers on page four.

Jiang Zemin Hears Shandong Flood Report

OW1208023593 Beijing Central People's Radio
Network in Mandarin 2230 GMT 11 Aug 93

[From the "News and Press Review" program]

[Text] Jiang Zemin, general secretary of the CPC Central Committee and president of the state, has expressed deep concern for serious floods in some areas in Shandong Province.

On 10 August, after hearing a report by Jiang Chunyun, member of the Political Bureau of the CPC Central Committee and secretary of the Shandong provincial party committee, on the flood situation in Shandong, Comrade Jiang Zemin showed profound solicitude for cadres and people in flood-stricken areas, and urged the party, government, and Army organizations and the masses of people in Shandong to unite as one and try their utmost to overcome difficulties in fighting floods, rehabilitating production, minimizing losses, and rebuilding homes.

'Leader' on Ideology for Organizational Reform

HK1208100693 Hong Kong TA KUNG PAO in Chinese
3 Aug 93 p 2

["Special Dispatch" from Beijing: "Relevant Central Leader Talks About Six Principles for Organizational Reform, With Emphasis on Changing Government Functions"]

[Text] Beijing, 2 Aug (TA KUNG PAO)—According to a newspaper report here, a relevant central leader recently pointed out that the guiding ideology for organizational reform should be: Changing functions, harmonizing relations, streamlining administration, and increasing efficiency in accordance with the principle of separating government administration from enterprise management and achieving unified efficacy and in light of the needs of a socialist market economy. Emphasis should be laid on changing functions and harmonizing relations. According to this guiding ideology, when carrying out organizational reform, the following principles should be observed:

- To change government functions effectively and separate government administration from enterprise management. Governments at all levels must concentrate efforts on strengthening macroeconomic regulation and control. Direct management of enterprises by government should be gradually changed into indirect management. The function of government as representative of the state-owned assets should be separated from state administrative functions, and the management of the state-owned assets should be strengthened so that the value of these assets can be preserved and increased.
- To delegate power to lower levels around the central task of changing operational mechanisms of enterprises. Government at all levels and various departments concerned, which are responsible for pushing enterprises into the market, must regard the implementation of the "Enterprise Law" and the "Regulations on Changing Operational Mechanism of State-Owned Industrial Enterprises" as their main job, so that enterprises can become real entities of legal persons.
- To strengthen government functions in cultivating and developing the market and to establish a nationwide, unified, and open market system as soon as possible so that healthy development of the market can be ensured by carrying out economic policies and under the guidance of economic levers.
- To harmonize relations, including relations between central and local authorities, comprehensive and professional departments, between provincial authorities and prefectural and city authorities, among prefectures, cities and counties, and between counties and townships, and to perfect the mechanisms of administrative operation. It is necessary to centralize powers which should be centralized and transfer to the lower

levels those which should be transferred. It is necessary to give full play to the initiative of both central and local authorities.

- To make great efforts to streamline administration and increase work efficiency. It is necessary to cut down the number of nonpermanent organizations by a big margin and promote reform of the logistic structure of various organs. The number of managing and service personnel in various institutions should be reduced and that of professional and technical personnel should be increased.
- To give classified guidance in accordance with the principle of suiting measures to local conditions and prevent the practice of imposing uniformity on all departments.

The emphasis of this reform is laid on changing government functions. This is the most fundamental difference between the current organizational reform and all previous ones.

Commentator Commemorates CPC Anniversary

OW1208074793 Beijing RENMIN LUNTAN in Chinese
No 7, 15 Jul 93 pp 4, 5

[Special commentary by RENMIN LUNTAN commentator: "The Party's Glory Always Illuminates My Heart"]

[Text] The Communist Party of China [CPC] has travelled a glorious journey of 72 years. The 72-year history eloquently proves that the CPC deserves to be called a great, glorious, and correct party. As the vanguard of China's working class and as a faithful representative of the Chinese people's interest, it always takes the lead in liberating and developing productive forces and leads the people of all nationalities across the country in constantly making historic advance. Without the CPC, there would not have been a New China nor would there have been socialism, which is full of vitality. The party's glory is shining over the vast land of China, the brilliant future of the Chinese nation, and the hearts of the 1.1 billion people of all nationalities.

While the conditions and the environment have changed in the new period, some changes have taken place in the inner-party situation and great changes have taken place in the party's tasks. Comrade Deng Xiaoping pointed out in his important talks during his southern China inspection tour last year: "If something wrong occurs in China, it will come from within the Communist Party"; and, "in the final analysis, the key lies in ensuring an internal soundness of our Communist Party." This shows that it is of particularly great significance to step up and do a good job in party building in the new period.

In order to ensure an inner-party soundness, we must manage the party strictly in light of new circumstances, new contradictions, and new problems. We must comprehensively and systematically step up party building so

as to strengthen and improve the party leadership over the socialist cause as a whole.

In order to ensure an inner-party soundness, it is most important and most fundamental to arm the whole party with the theory of building a socialism with Chinese characteristics. This is the way to further enhance in the new period our party's fine tradition of placing special emphasis on building the party ideologically. The theory on building a socialism with Chinese characteristics has clearly expounded a series of basic questions concerning building, consolidating, and advancing socialism in China. The theory reflects the fundamental interest and eager aspirations of the people of all nationalities in China, as well as the CPC's sole purpose of serving the people wholeheartedly. It is the basic guidance and a powerful ideological weapon for us to accomplish our new tasks. The present situation proves that the key to correctly implementing the guidelines of the 14th party national congress and ensuing meetings and to carrying out reform, opening up, and modernization faster and better lies in whether or not the whole party, particularly the leading cadres at all levels, can actively, comprehensively, and accurately understand and use the theory of building socialism with Chinese characteristics, and whether or not they can work creatively in light of the party's line, principles and policies, as well as local realities. The theory on building a socialism with Chinese characteristics is a product of reform, opening up, and modernization. It calls on people not to consider it as dogma. Instead, people should apply its basic guidelines in studying new circumstances and solving new problems, and continue to enrich, improve, and develop it in the course of practice. For this reason, in order to learn how to use the theory, we must strive to understand its Marxist stance, viewpoint, and method, as well as its quintessence, emancipate the mind and seek truth from facts simultaneously, make our thinking conform to objective reality, and constantly make progress in all work.

In order to ensure an inner-party soundness, we must persevere for 100 years in the party's basic line for the initial stage of socialism. Mao Zedong's party-building thought has unequivocally pointed out the principle that party building must be in line with the party's political line. Only by establishing and implementing a Marxist line, can the party consolidate and develop itself and play a leading core role in revolutionary cause. Facts since the Third Plenary Session of the 11th CPC Central Committee show that our party's basic line of "one central task, two basic points" is a completely correct Marxist line. The line has shown a way, the only way, for the people of all nationalities in China to completely free themselves from poverty and achieve a common prosperity. The party organizations at all levels and all Communists must firmly implement the basic line and persistently regard economic construction as the central task, and integrate the work of reform and opening up with the efforts to uphold the four cardinal principles. The Communists should be able to withstand and prevail over tests amid the practice of reform, opening up to

the outside world, and socialist modernization. That is to say, every Communist should become a model in publicizing and implementing the party's basic line and relevant general and specific policies; he should not only become an enthusiastic advocate, careful organizer, and firm practitioner in promoting the material civilization, but also become a pacesetter and model in promoting the socialist spiritual civilization, work hard to become an expert and good hand on his individual job, and promote comprehensive social development. In other words, each and every Communist under the conditions of reform, opening up to the outside world, and a socialist market economy should persist in tempering his party spirit, continually strengthen ideological training and moral character, wholeheartedly serve the people, and consciously resist the erosion and influence of capitalist ideology and life style. Under the socialist market economy conditions, many Communists are commodity producers and traders in profession and have to acquire the skill to lead, organize, and develop the market economy, to be well-versed in business operation and management, to attach importance to reputation and professional ethics, and to provide quality services, so as to become a model in developing the socialist market economy. While they certainly need to follow the principles of material benefits and of exchange at equal value in economic activities, they should never give up their ideals and beliefs and should bear in mind the party's fundamental purpose, observe party discipline, and become a model of plain living and hard struggle, selfless contribution, and wholehearted service for the people, as well as a model of earnest, down-to-earth, and diligent work, and of devotion to their work. They should, by means of honest labor, legitimate business operations, and arduous entrepreneurship, lead the masses in pursuit of common prosperity and should never be blinded by greed and consider everything in terms of money, cheat and harm the masses, or concentrate all efforts on creating wealth for themselves. Those who do not care to contribute, but make endless demands, hanker after extravagance, indulge in enjoyment, and even intentionally or unintentionally promote egoism, money worship, and hedonism are a mile from the Communists' glorious title and noble quality. The principle of exchange at equal value should not under any circumstances be introduced into political life to practice power commercialization and power-for-money bartering.

To bring about internal improvement in our party, we should attach importance to promoting party work style and continue to rectify party work style. During the protracted revolutionary practice, our party has had a marked characteristic and fine tradition of tying up the development of work style with the party's ideological, political, and organizational building; of elevating issues concerning party work style to the height of world outlook and party spirit in an effort to understand and resolve them, and of forming inside the party a work style of linking theory to realities, forging close ties with the masses, and making self-criticisms. The work style of a ruling party has a bearing on the party's survival or

demise and on the rise or decline and success or failure of the socialist undertakings; the rectification of party work style thus concerns the overall situation. Our party, over the past few years, has taken some important measures and has done much work in rectifying negative and corrupt phenomena inside the party, but we should not overestimate the results or underestimate the seriousness of the negative and corrupt phenomena. Protracted, persistent efforts are still needed to overcome this kind of public hazard. We should particularly regard the issue of the party's ties with the masses of the people as a fundamental issue in comprehensively strengthening party building. The fact that our party has become a leader of the socialist cause and that the masses of the people support our party's leadership can be attributed to the very reason that the party embraces the sole purpose of wholeheartedly serving the people and has no special self-interests other than the people's interests. Regardless of the nature of their work or their job position, all Communists are public servants and workers for the masses of the people and must subject their actions to the highest criterion of wholeheartedly serving the people. In their work, it is necessary for them wholeheartedly to count on the working class and the vast number of the masses, hold themselves answerable to the masses of the people, treat the masses of the people on an equal footing, show concern for the masses' sufferings and difficulties, properly deal with contradictions among the people, and properly redress various conflicts of interest among the people. It is necessary to strengthen and perfect extensive and effective supervision both within and outside the party, ensure that party organizations at all levels and party members and cadres properly exercise the power endowed them by the masses of the people, as well as prevent the various problems of uncontrolled use and abuse of power from arising and spreading and rectify the problem as required. To win the people's trust, we should seriously investigate and punish those who violated party discipline and state laws and impair the interests of the masses of the people, regardless of their job position and past contributions, and should not let leniency and indecisiveness fail us.

To bring about internal improvements in our party, it is also necessary to strengthen the party's institutional building. We should adhere to the party's democratic centralism, fully promote democracy within the party, and promote a general mood of telling the truth. Party organizations at all levels and all party members should consciously maintain ideological and political unity with the party Central Committee; and consolidate within the party a high degree of unity in terms of organization and action to create a political situation that incorporates centralism as well as democracy, discipline as well as freedom, and a united will as well as personal ease of mind, liveliness, and vigor. We should, in accordance with the requirement of the party controlling itself and enforce strict party discipline, set our eyes on the 21st century; properly carry out the building of leading bodies at all levels and a contingent of cadres; and train successors to the socialist cause. It is necessary to do a good job

in building up party organizations and the ranks of party members at the grass-roots level, give full play to the grass-roots party organizations' role as the political core, and to party members' pioneering and exemplary role. At this juncture it is essential to effectively strengthen the building of grass-roots party organizations in the countryside and to help some grass-roots party organizations in backward areas understand clearly their fundamental tasks under the conditions of a socialist market economy: To lead the masses in deepening rural reform, developing the rural economy, and gradually bringing about common prosperity; to take good charge of the building of spiritual civilization in the countryside; and, at the same time, to do a good job in building village-level organizations with party branches as the core. It is even more necessary for them to produce results in party building in old revolutionary bases as well as remote, impoverished, and minority nationality areas.

The Chinese Communists, being pioneers and fighters with communist consciousness who come from the Chinese working class, must persist in placing the interests of the party and the people on top of everything else; embrace the lofty sentiments of communism; promote new socialist practices; continually upgrade their own scientific and general knowledge, political quality, ideology, and moral character; serve as a model for the masses of people in all aspects; and devote their entire life to the struggle of the communist cause. All revolutionaries of the older generation and previous leaders of our party have made substantial expositions on this. Comrade Mao Zedong once urged the Communists to embrace a spirit of always benefiting others rather than themselves. He said: "Although different people have different capabilities, anyone with this kind of spirit is a noble person, a pure person, an ethical person, a person divorced from vulgar interests, and a person of value to the people." On the eve of the founding of New China, he, upon foreseeing the possible emergence of certain negative and corrupt phenomena within the party after the national victory, pointed out with farsightedness: "There might be a kind of communist who has not been tamed by enemies armed with guns and who deserves the title of hero in front of the enemy, but who will not withstand an attack by people using sugarcoated bullets and will be defeated by these sugarcoated bullets." Comrade Mao Zedong exhorted the entire party: "It is imperative to make our comrades continually keep the work style of modesty, prudence, and restraint from arrogance and rashness, as well as to make our comrades continually keep the work style of plain living and hard struggle." Even after 40 years, these teachings now remain a tremendous moving and inspirational force for opening up people's hearts, and still have the practical and educational significance of enlightening the benighted and the motivational effect of impelling people to forge ahead courageously. It should be taken as a motto for the Communists and always be borne in mind!

Under the new historical conditions, as long as we hold high the glorious banner of building socialism with Chinese characteristics, rally closely around the party

Central Committee with Comrade Jiang Zemin at the core, properly carry out party building, adhere to the party's fundamental purpose, forge close ties with the masses, continually upgrade the party's leadership and ability to hold office, our great cause will be ever-victorious. This is the inevitable conclusion for the development of history.

State Repeals Autonomous Powers of Select Cities

HK1208061693 Hong Kong HSIANG KANG SHANG
PAO in Chinese 10 Aug 93 p 1

[Special dispatch from Beijing by staff reporter: "State Council Abrogates Special Powers of Some Cities Listed Separately in State Economic Plan"]

[Text] A relevant State Council official recently revealed to this paper: Some time ago, the State Council abrogated special powers enjoyed by some cities "listed separately" in state plans. Now, only six nonprovincial-capital cities, namely, Shenzhen, Chongqing, Xiamen, Ningbo, Dalian, and Qingdao, are still listed separately in state plans. Personages in local economic circles maintained that the State Council's recent decision is primarily aimed at preventing contradictions between the provincial governments and the provincial capital cities from intensifying as well as at restoring certain economic powers enjoyed by the provincial capital cities to the provincial governments.

The relevant State Council official noted: Since the State Council outlined its urban economic reform plans in 1983, cities listed separately in the state economic plan have played a crucial role in urban economic reform. They have enjoyed certain powers similar to those enjoyed by provincial governments and were placed under the direct jurisdiction of the state ministries and commissions concerned. For instance, when building a project involving more than \$10 million of foreign investment, cities listed separately in the state plan only had to apply to the State Council departments concerned for approval without having to obtain the approval of the relevant provincial government in advance, thus bypassing provincial governments.

Apart from enjoying certain powers similar to those enjoyed by provincial people's governments, cities listed separately in the state economic plan also enjoy a number of other powers, such as the power to issue state bonds and the power to dispose of funds appropriated from state finances and the central bank, as they have been entrusted by the state ministries and commissions concerned. Moreover, cities listed separately in the state plan have also been directly assigned family planning quotas and other quotas by the state ministries and commissions concerned.

Due to the fact that cities listed separately in the state plan are entitled to many special powers, a large number of cities have been struggling to join their ranks in order to enjoy those special powers. According to statistics, China has approved a total of more than 10 cities for separate listing in state plans since 1983, including

Shenyang, Dalian, Qingdao, Guangzhou, Xian, Wuhan, Nanjing, Shenzhen, Xiamen, Chongqing, and so on, most of which are provincial capital cities, coastal open cities, and special economic zones.

The relevant State Council official stated: The State Council has recently abrogated many special powers enjoyed by the provincial capital cities while continuing to allow some nonprovincial-capital cities to remain listed separately. These cities include Shenzhen, Chongqing, Xiamen, Ningbo, Dalian, and Qingdao.

Personages in local economic circles hold that because some provincial capital cities became cities listed separately in the state plan, contradictions between provincial governments and the provincial capital cities concerned have intensified. The recent State Council decision is aimed primarily at mitigating such contradictions on the one hand and retrieving some powers on the other. Announced at a time when China is rectifying the financial order and enforcing macroeconomic regulation and control measures, the State Council decision will definitely exert an impact on China's overall economic development in the years to come.

State Limits Number of University Freshmen

OW1208095593 Beijing XINHUA in English 0931
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—The State Education Commission of China today issued an order to limit the numbers of university freshmen this year.

A spokesman at the commission said that enrollment office figures showed that the actual number of enrollments would exceed the planned figure under which 800,000 students were due to enter some 1,000 universities in China.

The plan is in danger as some regions and ministries, which have obtained freedom in reform to map out their own recruiting schemes, have become more enthusiastic to absorb students. Some of them didn't submit their schemes to the State Education Commission for approval and some have set up out-of-plan classes.

The commission asked them to re-evaluate their school facilities and readjust regional aims. Those colleges which have poor management conditions must reduce their enrollment rate and those who have been warned by the commission must halt recruiting.

Meanwhile, the appeal said that schools and classes cannot receive students unless they get approval from the State Education Commission. For the current national recruiting process, the present pass mark for examinees will be respected, the commission said.

The moves are expected to hold the enrollment below 830,000, according to the commission spokesman.

He said that China's college enrollment plan is always based on three elements: the national economy, available college facilities, and people's wish to be educated.

Now the people's eagerness to enter university is too strong, in contrast to weak educational finances and poor management conditions in schools.

Admitting too many students might cause difficulties, disturbing college life and teaching, and in turn this would affect next year's enrollment project, the official warned.

For 1994, the first year for China's education system to encounter the market economy, a total of 2.8 million young people have registered for the college entrance exams. That registration opened last month.

Reforms have been brought in, such as to give part of the right to decide the recruiting plan to local authorities and to increase the proportion of students paying for themselves.

China's university recruiting reform is just at its experimental stage, the spokesman said.

Survey Blames Iodine Deficiency for Low IQ's

HK1108143593 Hong Kong ZHONGGUO TONGXUN
SHE in English 1302 GMT 11 Aug 93

[Text] Beijing, August 11 (CNS)—According to statistics, there are now 10.17 million children in China with a low IQ and the number is increasing by one million every year.

Many people in China face iodine deficiency and 80 percent of mentally disabled children suffer from this lack of iodine in their system. According to a survey, iodine deficiency is the main factor causing mental problems in children in China. The IQ of children in areas where there is a shortage of iodine is ten to fifteen percentage points lower than that of children in normal areas. In turn, this directly affects the raising of the overall quality of the Chinese nation.

With this in mind, the Ministry of Public Health and the China Medical Sciences Foundation have decided to put forward an "Intelligence Project" and recently issued an "Intelligence Project Declaration" calling on the whole country to adopt measures to eliminate iodine deficiency.

China now has 400 million people living in iodine-short areas including 29 provinces, regions and municipalities.

Review of Beijing TV Series 'China's Gateways'

OW1108083893

[Editorial Report] Beijing Central Television Program One Network in Mandarin transmits eight 30-minute installments of a special series entitled "China's Gateways" from 31 July 1993 through 8 August 1993. The series is hosted by Jiao Jiancheng.

The first installment, transmitted at 1310 GMT on 31 July, and entitled "In Front of the Flung-Open Gateways" shows host Jiao standing in front of an oversized map of the PRC and explaining the definition of *guomen* or a country's gateways. He says that *guomen* consists of the land, sea, and air ports that open to the outside world. Jiao then brings the viewers to Zhuhai's Gongbei Port, which borders Macao. He then goes to Shenzhen's Luohu Port, which borders Hong Kong. He then visits the PRC-Burmese, PRC-Vietnamese, PRC-Russian, and PRC-Kazakh borders where border trade thrives.

The second part of the series, transmitted at 1330 GMT on 1 Aug. and entitled "Guardians of the Nation's Gateways," introduces the work of immigration officials at the airport in Beijing. Immigration officials are shown discussing catching forged passport holders, criminals, and illegal immigrants. A caption notes that over the past 14 years, 9,897 illegal immigrants and 2,154 criminals trying to flee the country have been caught. The caption notes that 22 officials have been killed in the line of duty.

The third part of the installment, transmitted at 1420 GMT on 2 August and entitled "Arduous Mission," deals with the fight against smuggling. Jiao boards No. 104 patrol boat on the morning of 14 December 1991 to witness the interception of a fishing boat suspected of smuggling. The boat is found to contain 1,800 boxes of untaxed cigarettes worth 4.5 million yuan. The authorities then arrest the 15 Taiwan smugglers.

The fourth part of the series, transmitted at 1420 GMT on 3 August and entitled "An Invisible War," deals with the fight against drugs. It begins with Jiao interviewing a 16-year old male drug addict and a 17-year old female drug addict at Yunnan's Ruili Youth Drug Rehabilitation Center. The deputy secretary general of the State Narcotics Committee states that the "Golden Triangle" is the main source of narcotics flowing into China. He points out that by the end of 1992, 250,000 drug addicts and about 700 drug-related AIDS cases were reported in China. Jiao then follows border police operations near the PRC-Burmese border in March 1992. Border policemen are shown searching bus passengers for narcotics. A passenger flees before police uncover heroin hidden among pickled fish. During another operation, a drug trafficker is shot dead and several other drug traffickers are arrested while trying to transport a large bag of heroin on a truck from the "Golden Triangle" to China's inland provinces. According to Chinese law, a person carrying 50 grams or more of heroin can be sentenced to death. The captain of the Yunnan Dehong Border Defense Police detachment says that border defense police responsibilities have increased since the introduction of reform and the opening up. The installment concludes by paying tribute to the dedication of border police.

The fifth part of the series, transmitted at 1420 GMT on 4 Aug and entitled "On the Moving Territory," features

port calls by foreign vessels at Chinese harbors. Immigration officers are shown performing inspection duties aboard a luxurious British cruiser and on Panamanian cargo ships.

The sixth installment of the series, transmitted at 1420 GMT on 5 August, and entitled "Let There Be No More Bloodshed and Terrorism in the Blue Sky," describes airport security checks, the hard work of airport security personnel and their exposure to X-ray machines, and passengers' views on security checks. Film footage is shown on foreign and domestic plane crashes which had resulted from security lapses and terrorist acts.

The seventh part of the series, transmitted at 1420 GMT on 6 August, and entitled "Special Border Defense Line," is about border units guarding areas that separate China from Hong Kong. Despite the lure of a rich material life in the area they serve, the guards live a plain life. They raise pigs, grow vegetables for their own consumption, and combat crime.

The final part of the series, transmitted at 1415 GMT on 8 August, is entitled "The Silent Loudness." In spring 1992, Jiao is shown marching with a logistics supply team which is trying to reach a border defense station on top of the Gaoligongshan, a snow-capped mountain on the PRC-Burmese border. After trudging the mountain trail for 13 hours, they are forced to turn back because of heavy snow. In summer, Jiao is shown at a fishing boat management station on the Shandong coast. The station is staffed by veteran border guards. In autumn, Jiao is shown at a border defense station in Xinjiang, staffed exclusively by ethnic minority border guards. The series ends with Jiao visiting a border defense post at an elevation of 4,500 meters on Xinjiang's snow-bound Pamir Mountain in winter and an emotional parting of the host and border guards.

Science & Technology

State To Launch Telecommunications Satellite

HK1208033293 Beijing CHINA DAILY in English
12 Aug 93 p 1

[By staff reporter Xie Liangjun: "New China Telecom Satellite To Be Launched"]

[Text] China's satellite communications industry will get a big boost next year.

A Chinese-made telecommunications satellite is due to be launched into orbit.

China will send the Dongfanghong-III satellite into space in early 1994, said Hao Weimin, Deputy Director and Chief Engineer of the Directorate General of Telecommunications. His post is under the Ministry of Post and Communications.

He said yesterday that the medium-capacity satellite is now in its final testing stage.

It is designed to have 24 transponders. The satellite will provide more channels for television programmes and telecommunications services than other experimental communications satellites launched by China.

It will gradually replace the three Chinese telecommunications satellites in service.

These are the Dongfanghong IIA models launched in 1988 and 1990. Their service missions will soon be completed.

Hao said China also plans to buy and lease several transponders of the Apstar-1 communications satellite. This is owned by Asia-Pacific Satellite Telecommunications Co. of Hong Kong.

It will be launched in June next year by The China Great Wall Industrial Corporation.

The Apstar-1 also has 24 transponders.

Hao said to meet the growing demand, his ministry is seeking all possible means to expand China's satellite communications capacity.

Last December, China bought from the United States an orbiting communications satellite already in space. It was altered to a new orbit over China and put into domestic service in mid-July.

The American satellite, which has 36 transponders and will be operational until 1997, is capable of handling 10,000 communications lines and transmitting more than 10 TV programmes for Chinese viewers.

China started satellite communications in 1971; the country used satellites of the International Telecommunications Satellite Organization for its international service.

According to ministry sources, some 321 Chinese cities and counties have set up telecommunication links with about 180 countries and regions through international communications satellites.

Four international earth stations have been built in Shanghai and Beijing; they offer some 2,000 telecommunications circuits for international service.

There are more than 20 large and medium-sized satellite earth stations and 30,000 ground receiving stations across the country.

Satellites enable about 80 percent of Chinese territory to be covered by TV transmission and radio broadcasting.

Military

Commentator's Article on Military Training, Part 7

HK1208100893 Beijing JIEFANGJUN BAO in Chinese
28 Jul 93 p 1

[Commentator's article: "Meet the Demands of Modern Warfare By Deepening Reform in Military Training—

Seventh Discussion on Strengthening Military Training Among Troops"; the fourth, fifth, and sixth "discussions" on military training were published in the Military section of the 11 August China DAILY REPORT, pages 19-22]

[Text] In a series of important instructions on strengthening military training, leading comrades of the Central Military Commission have stressed on many occasions the need to meet the demands of modern warfare by deepening the reform of military training. Conscientiously implementing the instructions by the military commission's leading comrades is of great importance to improving the training quality of troops and accelerating the formation and development of their combat effectiveness.

Deepening reform in military training is an objective requirement set by the times on army building. We are in an era wherein science and technology develop rapidly. The progress in science and technology has brought about the development of weaponry. The emergence of high-tech weapons on the battlefield in massive quantities has provided modern warfare with various features. For example, a war breaks out suddenly, is three-dimensional, is quickly decided, and consumes large quantities of materials. The patterns of war and the forms of operation in the traditional sense have changed as never before. In the face of such an objective reality, we should swiftly and unswervingly shift our stand on military training at ordinary times from coping with an ordinary war to being suited to a modern one under high-tech conditions. The change in this guiding thought will lead to profound changes in the sphere of military training.

After conducting the reform for a dozen years or so, our Army has accumulated a lot of experience and scored great achievements in military training. However, there is still a considerable gap in comparison with the requirements of modern warfare. With the gradual improvement in our weaponry, it is also necessary to readjust and replenish the training contents and improve training ways and means in good time. This makes it necessary for us to deepen reform in training.

The starting point of training should be raised. Due to the new developments likely to be met in modern warfare, we should conduct modern training and raise training as a whole to a high level.

In training, we should have a clearer objective in mind. As modern warfare is characterized by its intensity and complexity, training should have a high degree of difficulty and intensity so that we can genuinely train according to how a battle is fought.

The study on fighting methods should be stepped up. As modern warfare features much greater mobility and very swift changes between offensive and defensive, we should conscientiously study flexible strategy and tactics; comprehensively raise our troops' offensive capability, defensive capability, and capability to switch

between offensive and defensive; and use our strong points to attack the enemy's weak points.

Training methods which meet the demands of modern warfare should be explored. By establishing scientific, rational methods of organization and training, and by adopting varied and flexible training methods, we can rouse the training enthusiasm of officers and men, raise training efficiency, make "those who can walk, run, or fly do what they can," and thus improve training quality in spirals.

In short, through deepening reform in training we should boldly discard that which is unsuitable or irrational; increase new knowledge, technology, and fighting methods which are needed in modern warfare under high-tech conditions; and gradually develop a training system suited to modern warfare. Only in this way can our armed forces master really useful methods of subduing the enemy in future wars and increase their actual combat capability under modern conditions.

Deepening reform in military training cannot be accomplished overnight or in one go. It needs farsighted strategy and hard, down-to-earth work. High-level leading organs should give scientific guidance at the macro level and design the overall picture. They should proceed from the reality of our troops and set their eyes on development. In line with the demands of modern warfare under high-tech conditions, they should update training contents, ways, and means; adopt the method of conducting experiments at selected units, making assessments, summing up experiences, and then popularizing them; and organize all troops to push forward training reform in a planned, systematic, and orderly way. As far as the troops are concerned they should, in light of the reform tasks laid down by the general departments, practice arduously and explore a method of vanquishing the enemy by relying on our existing equipment. This is a gigantic project which can only be completed through the joint efforts of the entire Army. All comrades in the entire Army should rouse themselves, forge ahead, and apply their wisdom and strength to advance reform in military training, so that the People's Army, which has a glorious revolutionary tradition, can always keep its sharp edge and remain invincible.

Problems in Assimilating New Equipment Noted

HK1208032593 Beijing JIEFANGJUN BAO in Chinese
29 Jul 93 p 1

["Viewing Modernization From the Training Ground" column by Yang Dechang (2799 1795 2490) and staff reporter Jiang Yonghong (3068 3057 4767): "When 'Modernization' Really Comes—Commentary on Certain Naval Destroyer Squadron Training With New Equipment (Part One)"—first paragraph is JIEFANGJUN BAO editor's note]

[Text] The training ground is the major battleground of the armed forces' modernization. As the modernization of our armed forces surges forward, the aims of running

the "Viewing Modernization From the Training Ground" column are: To seize things and their causes; to track hot spots and focuses through the 'refracting lens' of the training ground; to explore the process, direction, and laws of the modernization of our armed forces; and with this, to encourage and impel all comrades of the armed forces to emancipate their minds, seek truth from facts, do arduous pioneering work, open up new paths, forge ahead, and strive to do a good job in all aspects of work in the armed forces. We sincerely welcome articles contributed to this column.

At present, a certain destroyer squadron possesses China's most modern warships. At a time when "modernization" has really come, its impact on cadres and seamen is something many people did not expect.

We Longed For It Before It Came and Are Afraid of It Now That It Has Come

When the first most advanced warship (hereafter called Warship No 1) came into service, the officers and seamen indeed felt proud for some time. The cost of the warship, if divided equally among all the people working on it, would make each of them a "millionaire." Its advanced equipment seemed to have turned all the officers and seamen into research fellows of a research institute. Work that in the past required arduous physical labor and much time, now can be accomplished by pressing a button in accordance with data shown on the screen. The seamen boasted about their new warship, "Each of us on the warship can play electronic games at his combat position."

The new equipment, of course, would never be allowed to be used for playing games, nor could the equipment be controlled as easily as electronic game machines. Although the officers and seamen had been trained by research institutes and manufacturers before and after the new warship was handed over, things were not in step and troubles frequently occurred when the warship was actually put into operation. Faced with the new warship, which was equipped with modern science and technology, the officers and seamen were like children playing firecrackers. They loved it and at the same time were afraid of it.

The more they were afraid of it, the less they dared touch it. As a result, training in the use of the new equipment remained in the initial stage. When they could not master the operation of the new equipment, they went back to the old. The old equipment was backward, yet was familiar to them and could be operated easily. Traditions, habits, and inertia played a negative role in their attitude toward the new equipment. Some people would not say they did not know how to operate it, but said "the new equipment is useless."

A year after the second warship (hereafter called Warship No 2) was put into service, Warship No 1 had not used the new equipment system for target practice even once.

Major Officers Should Take the Lead in Going Into the Science and Technology Battle

There were many causes for not using the new equipment, but the most important one lay in leadership. In 1989, Captain Qiu Yanpeng and all the other officers and seamen of Warship No 2 volunteered to use the new equipment system for target practice, and the senior officer of the fleet also gave instructions that "if the target practice is to be carried out, it should be done with the new equipment system." However, some departments were not sure whether or not the practice could be carried out properly, and in the end the target practice was not carried out.

In 1990, Ding Yiping, Ling Jingchang, and Zhang Zhannan respectively took the posts of the head, political commissar, and chief of staff of the squadron. Political Commissar Ling was a leader good at arousing the enthusiasm of the people, and he had a keen interest in science and technology. Ding, head of the squadron, was skillful at using the command device, and Zhang, chief of staff, was familiar with the aiming radar of the artillery. The major military officers of the squadron began to study the new equipment before others. They then compiled teaching materials, formulated requirements, personally gave lectures on one system after another, and also invited research personnel to provide training in their respective sections. The seamen proceeded with the operation of one switch after another. After one year, training for the operation of the entire new equipment system was in progress, and experience in training was being accumulated gradually. The enlightenment gained from the above account is: In the course of modernization, the major officers must take the lead in going into the science and technology battle, and when selecting cadres—especially major officers—those who understand science and technology should be chosen.

The Feeling That "the New Is Inferior to the Old"

After a year of training on the operation of the entire equipment system, both Warship No 1 and Warship No 2 used the new equipment system for target practice. The results were that Warship No 1 got a "super excellent" and Warship No 2 got "a big duck's egg." The strange thing was that Warship No 2 was the first to volunteer to use the new equipment system for target practice last year. All the other warships, which used direct aiming and manual operation, got an "excellent." This caused the emergence of the idea that "the new is inferior to the old."

The squadron held that the problem did not come from the new equipment, but was caused by their failure to master the new equipment properly. The idea that "the new is inferior to the old" was not tenable.

Warship No 2 also found the cause of failure: The debugging of the new system was not accurate. Their "duck's egg" gave the whole squadron a great fortune, that is, it reminded the squadron of regarding debugging as the focus of preparation for combat and for target practice. What counts in modern wars is advanced

science and high technology, and so the improper functioning of any part of the equipment will lead to failure.

A Leap Made as the Result of Pressure

Once the new equipment system was started, it would mature gradually. One foreign naval admiral came to a certain squadron to watch a target practice using the new equipment. After the warships went out to the sea, there was a thick fog. From the control tower one could see only as far as the head of the warship. Should the target practice be carried out? If it were carried out, they might not hit the targets and might even hit the ship that pulled the targets. If the practice were not carried out, not only would it make a mockery of the new equipment, but it also would disgrace the Chinese seamen.

Chief of Staff Zhang, who led the warship out to the sea, ran to the combat position of the artillery aiming radar and asked the operator if he was "sure of being able to fulfill his task"; the answer was an affirmative one. He then decisively gave the order to shoot. The artillery roared and all those on board the warship were breathless with anxiety. However, the result on checking the targets was unexpected. Of the 48 shells fired, 26 hit the targets. The result was 13 times better than the existing standard for "excellent." Besides, in such a thick fog, it would have been completely impossible for the old equipment to hit the targets.

This unprecedentedly good result was achieved under the pressure of the thick fog, and it also dispelled the misgivings of the officers and seamen over the new equipment. Only with an unswerving confidence in advanced science and high technology can we give full play to the combat effectiveness of advanced science and high technology. After this incident, there was a leap forward in training on the operation of the new equipment.

Liu Huaqing Article Mourns Late General Li Da

HK1208013993 Beijing RENMIN RIBAO in Chinese
18 Jul 93 p 1

[Article by Liu Huaqing (0491 5478 3237) and Zhang Zhen (1728 7201): "An Everlasting Spiritual Model—Mourning Comrade Li Da"]

[Text] A generation of famous generals as bright as the Milky Way has arisen during our Army's history and Comrade Li Da [2621 6671] was an outstanding one among them. Unfortunately, he left us on the eve of the 66th founding anniversary of our Army and we were deeply grieved over the fall of this star. We began to know Comrade Li Da during the Red Army period. Subsequently we fought battles together in the Taihang Shan, in the Huai-Hai Campaign [from November 1948 to January 1949, the second of the three decisive campaigns in the Chinese People's War of Liberation], and in the War of Resistance Against U.S. Aggression and To Aid Korea. During the period of peaceful construction, we devoted our common efforts to the modernization and regularization of our Army. Comrade Li Da's death

is a major loss to our Army. We lost a good comrade in arms with whom we had deep sentiments of friendship. In his military life, Comrade Li Da made indelible contributions to the Chinese revolution and Army building. His vigorous revolutionary spirit, remarkable ability to organize and command, lofty moral character, and strict work style will always live in our hearts.

Comrade Li Da cherished a firm belief in the party's cause. Throughout the decades of his revolutionary career, he always resolutely implemented the instructions of the party Central Committee and the Central Military Commission. He was a loyal soldier of the party, worthy of the name. In the 1920's, when wind and rain were sweeping across the gloomy sky, Comrade Li Da, a patriotic young man, joined the Northwest Army to seek a way to save the country and the people. When the Chinese Revolution was at a low ebb in the early 1930's, some people in the revolutionary ranks began to waver and some even left the revolutionary ranks, but Comrade Li Da made a correct choice and joined the party-led Ningdu Uprising, thus embarking on the revolutionary road. The bitter struggle against the enemy's encirclement in the Hunan-Jiangxi Soviet area, the extremely arduous 25,000-li Long March, and the party's fight against Wang Ming's and Zhang Guotao's wrong line, helped him strengthen his belief in communism and made him a senior commander of the Army. From that time on, he always remained loyal to the party's cause regardless of whether the revolution was developing smoothly or encountering setbacks and whether things were favorable or unfavorable to him, both during the revolutionary war and in the period of peaceful construction. He worked for the party's cause throughout his life. In 1958 he was wrongly repudiated for so-called dogmatism during the "Cultural Revolution" and he was imprisoned but never wavered in his firm faith in the party. His staunch revolutionary will serves as a glorious example for modern young people to cultivate a correct concept of life and value. Comrade Li Da turned his faith in the party into the concrete action of thoroughly implementing the instructions of the party Central Committee and the Central Military Commission. During the initial period of the War Against Japanese Aggression, Chairman Mao proposed a strategic principle of conducting an "independent mountain guerrilla war." Before others could completely understand or consciously act upon it, he had already understood and actively implemented it. Authorized by Divisional Commander Liu Bochong, he ran a guerrilla training course in Liaoxian, which turned out a large number of key guerrillas. During the War of Liberation, to implement the party Central Committee's and Chairman Mao's strategic policy of "carrying out a nationwide counteroffensive and expanding the war to the Kuomintang-controlled areas," Comrade Li Da actively assisted Liu Bochong and Deng Xiaoping in overcoming all difficulties. He undertook a heavy task and traveled 1,000 li to the Dabie Shan. To break through the enemy's encirclement in the serious situation of being blocked from the front and chased from the rear, he resolutely carried out

Liu's and Deng's orders to persuade the soldiers to destroy their heavy weapons and equipment and to change to light gear for the sake of the overall situation, thus ensuring implementation of the Army's strategy. Comrade Li Da was a model in resolutely following orders and commands.

Comrade Li Da was famous throughout the entire armed forces for his talent to organize and command. For a long time he was chief of staff in senior leadership organs. He devoted much spirit, effort, and wisdom to assisting Liu and Deng in exercising command. He made enterprising contributions to the betterment of the Army headquarters and institutions. During the War Against Japanese Aggression, when the enemy was strong, our Army was weak and the conditions were extremely difficult, he fully displayed the role of the headquarters and tried all possible means to turn Liu's and Deng's operational ideas into solid, steady, accurate, and unmistakable moves by the armed forces. The night attack on the Yangming stronghold by the 129th Division of the Eighth Route Army; its ambush of the enemy in Shentouling; its surprise raid on Chengle village; its ambush of the enemy in the Qidan village; its sabotage operations on the Zengtai Road; and other successful examples of defeating well-equipped enemy forces with inferior equipment all embodied his painstaking efforts.

In August 1945, when Liu and Deng were attending a meeting in Yanan, the Kuomintang Army planned to attack the Shangtang Liberated Area. Based on his clever judgment, Comrade Li Da anticipated a large-scale war. He sent an urgent telegram to Liu and Deng requesting their early return to Taihang; on the other hand, he organized his troops in making preparations for the war. In accordance with the orders of Commander Liu and Political Commissar Deng, he commanded his troops in conquering Xiangyuancheng to provide a base for the final formation of an operational plan on the Shangtang battle. During the Ping-Han Campaign, he crossed the battle line regardless of his personal safety to meet General Kao Shu-hsun, commander of the Kuomintang's New Eighth Army, on behalf of Liu and Deng. This resulted in the uprising of Kao's troops. While assisting Liu and Deng in command operations, he also paid attention to improving command institutions and to establishing and improving an organizational system and work methods for the Army headquarters, thus making remarkable contributions to the establishment of institutions affiliated with the Army headquarters and to advisory work. He raised the proposal on "militarizing noncombant institutions" during the war years which still has important guiding significance today. When assessing Comrade Li Da's work, Marshals Liu Bochong and Chen Yi repeatedly praised him as a "competent, good chief of staff." Comrade Li Da was diligent in study; possessed a wide range of knowledge; was well versed in military strategy and tactics; and was good at integrating Mao Zedong's military thought, ancient military strategy, and Liu's and Deng's ideas with his own practice and experience, thus forming his own unique

style of organization and command operations. He wrote more than 40 articles in all, each being a summation of a large-scale battle and a precious military document. A profound theoretical skill and prolonged accumulation of experience provided him with an extraordinary ability to organize and coordinate large-scale battles between group armies. In pushing forward into the Dabie Shan, joining the decisive Huai-Hai Campaign, liberating the great southwest, and entering Tibet, he performed the tasks entrusted by the party Central Committee and the Central Military Commission in a remarkable way; he was more equal to these tasks because of his experience. Another of Comrade Li Da's outstanding characteristics was having a strict style and doing his work in a down-to-earth manner. Before each battle, he always seriously and carefully worked out his plans. Generally, he presented two or three, and even four or five, plans to Liu and Deng for them to choose from and frequently drafted operational orders. To draw up a correct plan and make it practicable, he persisted in a scientific attitude of investigation and went to the battle front to obtain first-hand information. He seriously studied the terrain and the economic and social situations, as well as historical changes in the regions where his troops were going to wage battle. Thus, he had a thorough idea of how many soldiers could be deployed in the valley of the relevant battle area and the name of the village in it. In particular, his interest in maps became a special hobby throughout his life. When going to an armed forces unit either by car, by ship, or by plane, he always had a map in front of him. He could name more than 2,000 counties throughout the country and describe their geographical features at any time. His superiors and comrades called him a "living map." Apart from having a strong sense of responsibility for the revolutionary cause, Comrade Li Da also had the valuable spirit of playing a supporting role. During the war years, many comrades liked to lead soldiers to the front but Comrade Li Da, taking account of the overall situation, worked tirelessly in Army institutions. Marshal Liu praised him as having a "foal's" spirit.

Comrade Li Da always maintained the party's and Army's spirit of hard struggle. He concerned himself with the people and soldiers, he was strict on himself, and lived a simple life. All these embody the character of a veteran Red Army soldier. In 1943, the Taihang Shan area was afflicted with drought and a plague of locusts, apart from facing the frenzied mopping-up operations by the Japanese troops. The soldiers and people in this revolutionary base area were living a hard life. Comrade Li Da, bearing in mind the poor masses and what they urgently needed, took the lead in having wild herb soup to go with black corn bread and he also required his soldiers to save some "life-saving grain" from their meager ration for the masses. Now, when the Taihang people talk about this, they say with tears in their eyes: "Soldiers of the Eighth Route Army had wild herbs for their meals to save their grain ration for us and no one in the village died of hunger!" Comrade Li Da held a high position but always maintained the character of an

ordinary soldier. He was easy to approach and affable, so his subordinates and comrades were quite willing to report the actual situation to him and to tell him what was on their minds. In 1979, when he was 74, he went to inspect Yunnan frontier troops, during which time he traveled several thousand li. Wherever he went, he first visited soldiers in platoons and squads and talked to them, asking about their lives and showing concern for them. He firmly objected to higher institutions increasing the soldiers' burden. He stressed that when leaders went to grass-roots units, they should live simply and were not allowed to practice formalism. Comrade Li Da lived a very simple life. When inspecting an armed forces unit, he absolutely did not allow it to provide him with above-standard accommodation. When he was deputy chief of general staff, his apartment was damaged by an earthquake. The barrack management department wanted to repair it for him but he did not agree. For the sake of safety, he subsequently agreed to have three of the rooms in the apartment repaired. His apartment was simply furnished. Once a leader from the county party committee of his native place came to Beijing on official business and met him. The leader said with a sigh: "There is not even a single piece of decent furniture in your apartment." His spirit of hard struggle, honest and selfless dedication, and forming close links with the masses is worth emulating forever.

Comrade Li Da was quite concerned about Army management and construction in peacetime. After the founding of the PRC, he was appointed vice minister of defense, vice minister of the Ministry of General Supervision Over Training, deputy chief of general staff, and adviser to the Central Military Commission. He conscientiously studied and implemented Mao Zedong's military thought and Deng Xiaoping's thought on Army building in the new period. He devoted all his efforts until the last minute of his life to the revolutionization, modernization, and regularization of the People's Army. In the early days after the founding of the PRC, he was in charge of the education and training of the armed forces. During the transition from the period of war into the period of peaceful construction of the Army, he assisted Central Military Commission leaders in formulating a series of orders, ordinances, rules, and regulations, promoting the process of the Army's regularization. When wrongly repudiated for so-called "dogmatism," he boldly upheld truth, argued strongly on just grounds, and never wavered in devoting his efforts to the Army's regularization. During the "Cultural Revolution," the construction of military academies was seriously undermined. After the "gang of four" was crushed, all neglected tasks needed to be carried out. Authorized by the Central Military Commission, Comrade Li Da, together with other comrades, took charge of the restoration and reconstruction of the military academies of the entire armed forces. He persisted in implementing Comrade Deng Xiaoping's instructions on putting education and training in a strategic position and turning military academies into collective cadre departments. He went to military academies and armed forces units; conducted a

great deal of arduous and meticulous investigation, study, and theoretical reasoning; and raised many constructive suggestions on military academy systems, teaching guidance, and educational principles, enabling military academies to enter a new period in their construction and training a large number of talented personnel for Army building. From the late 1970's to the early 1980's, with a veteran soldier's lofty sense of responsibility for the motherland's security and his high sensibility to international strategic changes, Comrade Li Da, regardless of his old age, went to the coastal front for investigation, during which he raised many suggestions showing real knowledge and deep insight, thus making contributions to the Central Military Commission's formulation of an active defense strategic policy to cope with the development and changes in the new situation. Afflicted with a lingering disease in his late years, Comrade Li Da lay abed for a long period and lost the ability to speak but he was still concerned about the country's reform and opening up and the Army's modernization. He expressed his sincere support for the party Central Committee, with Comrade Jiang Zemin at the core, and the Central Military Commission. Whenever a comrade came to his ward and told him about the situation in the Army, he always listened attentively and was happy about the good situation in Army building.

Comrade Li Da's lofty realm of thought and fine revolutionary character embodied the valuable tradition of our party and Army. He has already left us but his inspiring spiritual model will remain forever, illuminate our successors, and encourage us to unite even closer around the party Central Committee, with Comrade Jiang Zemin at the core, in profoundly studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, to always adhere to the party's basic line, and to carry forward the great cause initiated by our party.

May Comrade Li Da rest in peace!

Former Hunan Military District Deputy Head Dies

HK1108050193 Beijing XINHUA Domestic Service in Chinese 0510 GMT 10 Aug 93

[Text] Jinan, 10 Aug (XINHUA)—Comrade Luo Renquan, former deputy commander of the Hunan Military District, died of illness at the age of 82 in Jinan on 4 June.

Comrade Luo Renquan was from Jinan County in Jiangxi Province. He joined the Chinese Workers and Peasants Red Army in 1929 and became a CPC member in 1930. He successively held the posts of platoon leader, company commander, battalion commander, regiment commander, team leader of the Military and Political University for the War of Resistance Against Japanese Aggression, president of the Military and Political Cadres School, commander of a military sub-district, commander of Xiangnan Military District, and other important posts. He was awarded the military rank of major general in 1955. He was a member of the Third

and the Fourth National Committees of the Chinese People's Political Consultative Conference. During the Agrarian Revolution, he took part in the first to the fifth stages of the counter "encirclement and suppression" campaign in the Central Soviet Area and the 25,000-li Long March. During the War of Resistance Against Japanese Aggression, he participated in the Shangdang Campaign. During the war of liberation, he and units under his command took part in the Huaihai Campaign and the Jinan Campaign. After the founding of the People's Republic of China, he worked his heart out to modernize the armed forces.

Jilin Renames Armored Force Technical School

SK1108061093 Changchun JILIN RIBAO in Chinese
17 Jul 93 p 1

[By reporters Dian Bin (3013 2430), Dan Wu (0030 2976), and Jian Jun (1696 6511): "Armored Force Technical School Ceremoniously Holds Naming and Flag-Presenting Ceremony"]

[Text] On the morning of 17 July, the Armored Force Technical School in Changchun ceremoniously held a naming and flag-presenting ceremony. On behalf of the Central Military Commission, Major General Liu Shilun, director of the management bureau of the general staff headquarters, declared the order and also presented a flag to Senior Colonel Yang Jingtian, president of the Armored Force Technical School. Gao Yan, governor of the provincial government; Wang Jinshan, deputy secretary of the provincial party committee; and leaders of Changchun city were invited to attend the ceremony. Governor Gao Yan extended warm greetings to the ceremony.

This school is a secondary specialized technical school directly attached to the general staff headquarters and undertakes the task of cultivating grass-roots technical cadres for armored forces and specialized technical backbones. Thus far, the school has graduated students for 14 years, and all graduates have moved on to their assigned posts.

Through the readjustment of army schools in the latter half of 1992, the Armored Force Technical School was renamed as the technical training base for soldiers. The training tasks and the international organizations have yet to be adjusted. According to the decision made by the Central Military Commission in June 1993, this school was formally restored and renamed as "the Armored Force Technical School under the Chinese People's Liberation Army."

Economic & Agricultural

Special Article on Zhu Rongji's Economic Views

HK1208062393 Chengdu CHANGZHANG JINGLI
RIBAO in Chinese 17 Jul 93 p 1

["Special article" by Tan Gangqiang (6223 0474 1730): "1993: Zhu Rongji's Views on Economic Operations"]

[Text] Vice Premier Zhu Rongji, member of the CPC Central Committee's Standing Committee, has presided over State Council meetings many times. Recently he was appointed concurrent president of the People's Bank of China by the National People's Congress [NPC] Standing Committee. This new appointment by the NPC Standing Committee cannot be separated from his realistic work style; apart from this, it cannot be separated from his reputation as a qualified economist.

Since the beginning of 1993, Zhu Rongji has sincerely expressed his views on the operation of the socialist market economy with Chinese characteristics.

Development Rate: A Fine Beneficial Cycle

On many occasions since the beginning of this year, Zhu Rongji has said that whenever it is possible to expedite the economic development rate, it is necessary to seriously consider that this development rate is an effective one. If this development rate does not constitute a fine cycle, or if we have raised a fund, purchased materials, and proceeded with our production, but the products we have manufactured cannot be sold, the capital cannot be recovered, and no second production cycle is available, this rate is actually a rate without production results, although the production process is completed and the rate can be calculated. If a second cycle is required, but this cycle is a loss-incurring one, it is a cycle without results. What we need are a development rate and a cycle that have results.

"An Overheated Economy": There Is Such a Trend, But It Has Not Taken Shape

On an "overheated economy," Zhu Rongji said that it is necessary to "change our mind-sets" when dealing with this issue. Under the traditional planned economic structure, the central authorities' microcontrol over economic activities is strong, but their macrocontrol over economic activities is weak. Generally, their judgment of the overall economic situation is based on their one-sided understanding of a micro and partial economic situation. So there is a great discrepancy in this respect. For example, transportation, electric power, energy, and raw and semiprocessed materials long have fallen short of demand, but at the mention of controlling, these economic departments are the first to suffer because investments in them are stopped. Viewed from the angle of macroeconomy, however, these projects can ensure prolonged, sustained, and coordinated economic development. Halting these projects without considering their importance or urgency will not only cause a prolonged loss to economic development, but is also detrimental to resolving the existing overheated investment. Therefore we should now judge the economic situation facing us correctly and also should have a macro and overall view. Is the Chinese economy overheated or not? In Zhu Rongji's mind, there is such a trend, but it has not taken shape yet.

Development Zones: Those That Have Not Developed Should Be Dissolved as Soon as Possible

Zhu Rongji pointed out not long ago: There are too many development zones in the localities now. Those that have not made headway should be stopped as soon as possible. Last year 24 million mu of land was used for building development zones and there are more than 6,000 development zones throughout the country. In a development zone of 1 square km, the seven infrastructure projects and the leveling of ground for construction would be impossible without 300 million yuan. [the seven infrastructural projects are roads, running water, electricity, telecommunications, gas, and drainage and sewage pipes]. There are 15,000 square km of development zones throughout China; without 4,500 billion yuan this situation will not do. Where can we get this money? It would take six years, even if we used the annual capital construction investment of 700 billion yuan to build these development zones, and do nothing else in the meantime! Zhu Rongji particularly pointed out that the central authorities had made up their minds to stop approving the construction of development zones from now on.

Revenue and Investment: The Danger of Loss of Control Lies With the State

During a southern tour not long ago Zhu Rongji pointed out: The general trend in the country at present is that enterprises' deposits have increased rapidly. This increase in deposits indicates an increase in idle funds.

Real Estate: Taking Malaysia's Experience for Reference

After inspecting a city in Guangdong not long ago, Zhu Rongji said: We also should consider exercising macro-management over real estate. With so many houses built, there must be buyers and markets! Other localities now are constructing office buildings and deluxe villas. How can there be so many buyers? There is no adequate market, yet the land has been approved for real estate purposes. The money for 1 square meter of building space in Hong Kong can be used to build 10 square meters of building space here. Hong Kong's land is too expensive and its construction costs are high. After developing land there, they are waiting for wealth to come and for price hikes, but we cannot afford this. Taken as a whole, real estate development should converge with a housing reform policy. Evidently, we should take for reference the policy of Malaysia, according to which a developer should build 50 percent of his houses in the low price range, and use the income from the sales of his other 50 percent of deluxe houses to make up the loss incurred by the former.

Stocks: There Should Be No Loss of Macrocontrol

After inspecting Fujian recently, Zhu Rongji pointed out: Selling stocks to raise funds should not be our main method because we have not formulated a perfect law or system to protect the masses' interests, nor do we have

experience in this respect. Selling stocks to raise funds could give rise to a group of people who live on stock speculation. He particularly pointed out: Stock worth more than 5 billion yuan has been sold throughout the country without approval and standardization by the State Council. Deng Xiaoping is very cautious about the stock problem. When Jiang Zemin and Li Peng had a talk with me on this, they expressed their worry over it and said State Council regulations should be followed and that there should be no loss of macrocontrol. After stock is issued, it is inevitable that it will be listed. Moreover, it is also dangerous for shareholding enterprises to issue stock internally: First, they try to sell their stock on the market; second, their leaders can buy as they like. This tendency is not good.

Economic Structural Reform: There Should Be a Breakthrough

Zhu Rongji said: In comparison with national economic development, we cannot say there were many breakthroughs in economic structural reform in 1992. In particular, localities have not paid enough attention to reform. He added: If the old methods are still used to develop the economy; if attention is still paid to carrying out new projects, expanding the investment scale, and seeking funds, instead of reforming the old structure, the present development rate will not last long and we will not be able to free ourselves from the bad cycle in we have been for decades. Even if we make headway now, we will slow down again in several years. I hope localities will pay serious attention to reform so that there really will be breakthrough progress in this year's structural reform on the basis of last year's achievements. He pointed out: Negative effects in reform are inevitable. Our task is to pay full attention to negative effects in reform, and to take measures to offset and reduce their influence so that the advantages are greater than the disadvantages and the entire economic structural reform will move forward.

Local Protectionism: An Obstacle to the Market Economy

Zhu Rongji recently pointed out: If we do not follow the law of market economics in developing the market economy, we cannot develop our economy. If local administrative protection is not abolished and if attention is paid to local interests only, it will be impossible to form a nationwide unified market and there can be no market force. He particularly stressed: Not only should local protectionism be eliminated, but state protection should be appropriate. Protection can be provided only for some young industries, whereas other industries generally should cater to international market competition. This is an inevitable trend of historical development.

The Transformation of Enterprises' Operational Mechanism: This Could Become Empty Talk if Government Departments Interfere

When joining the Henan delegation's discussion during the First Session of the Eighth NPC, Zhu Rongji

stressed: For enterprises to really transfer to the track of an optimized structure and better results, there must be certain external conditions and coordinated reform. At present, there are two main points: The first is to change government functions. If government departments still exercise management over the economy with old ideas and the old structure and if they do not change the habit of directly interfering in enterprise management, the transformation of enterprises' functions will be empty talk. The second is to display the basic role of the market in the distribution of resources. If administrative chiefs still decide what projects to build and localities then rush headlong into mass action for the construction of these projects, market supply will exceed demand and it will be difficult for enterprises to improve their economic results. Therefore it is necessary to carry out planning, financial, and monetary structural reforms in a coordinated way, with the focus on formation of an investment restriction mechanism and a macrocontrol and regulatory mechanism.

From the above points, we can roughly know Zhu Rongji's ideas on economic operations. Some academics who study Zhu Rongji's economic ideas said with certainty that with Zhu Rongji's appointment as president of the People's Bank of China, the increasing inflationary pressure in China will be dealt with more conscientiously. This has been proved by the recently held national work meeting of bank presidents. A person close to Zhu Rongji disclosed that in preventing the bothersome inflation and reducing all kinds of overheated structural pressures, he has formulated a series of operational plans and is beginning to put them into effect. At present, people in different circles in China are waiting to see further big moves by Zhu Rongji.

State To Take 'Bolder Measures' for Market

OW1108153493 Beijing XINHUA in English 1454
GMT 11 Aug 93

[Text] Beijing, August 11 (XINHUA)—China will take bolder measures to transform state owned enterprises to make them more responsive to market forces over the next three to five years, a senior Chinese economic official said today.

According to Chen Qingtai, vice-minister in charge of the state economic and trade commission, China has kicked off this transformation drive well. It will take bolder measures and quicken the pace of making most state enterprises dependent on the market.

Under the central planning system adopted after the founding of the People's Republic in 1949, most factories were nationalized and run in line with the state production quotas.

But following the economic reforms launched over a decade ago, the market once again was designated as the primary force to guide production. Yet state enterprises

have lagged behind in transforming management, employment, and production to become more market-oriented.

Chen said that in the past year, following the State Council's implementation of regulations on the transformation of operational mechanisms of state owned industrial enterprises in July 1992, state firms have seen significant progress.

He said that state enterprises are coming to grips with the 14 operational decision-making powers that are stipulated in the regulations as the government accelerates the transformation of its functions. At the same time, the restructuring of enterprises and experimentation with new mechanisms have made advances. Reforms in state firms' financial and employment systems have likewise been accelerated.

Chen, addressing a national work meeting on enterprise restructuring, said that in the first half of the year, sales of products made by major state enterprise went up 34.5 percent and profits increased by 1.63 times over the same period of last year. In the first half of this year, total losses incurred by unprofitable state enterprises went down 16.5 percent over the same period of last year.

But Chen noted that major obstacles remain in carrying out the regulations. The government has been slow in giving operational autonomy to enterprises, and excessive financial burdens still plague some state enterprises.

Chen said that this is the most difficult stage in the long march to transform state firms. If the country fails to revive most state owned enterprises and force them to become competitive on the market in a limited period of time, Chen said, either the enterprises will drag down economic reforms or the firms will be wiped out in the face of competition and incur losses of state owned property.

Chen said that there are ten specific areas in the transformation of state enterprises that need special attention, including the transformation of government functions, the tapping of the internal potential of enterprises, and further reform of financial and employment systems of the firms.

Daily Urges Quicker Reform, More Control

HK1208013193 Beijing RENMIN RIBAO in Chinese
6 Aug 93 p 5

[Article by Liu Zhifeng (0491 1807 1496): "Deepen Reform; Implement CPC Central Committee Measures on Macroeconomic Regulation and Control"]

[Text] The CPC Central Committee and the State Council recently adopted a series of measures to intensify and improve macroeconomic regulation and control. Various localities and departments are conscientiously studying these measures and using their initiative to put them into practice. We feel that, to implement the

central measures on macroeconomic regulation and control, it is necessary to make further efforts to seek unity in understanding and to quicken the pace of reform.

I.

To implement the central measures on macroeconomic regulation and control properly, it is first necessary to seek unity in understanding the current economic situation.

Since the start of this year, China's overall economic situation has been favorable. Encouraged by Comrade Deng Xiaoping's important remarks and the spirit of the 14th CPC National Congress, new headway has been made repeatedly in various reform and opening up tasks centered around the establishment of a socialist market economic structure. The functions of market mechanism have been expanded, and the economy as a whole has continued to maintain a vigorous development momentum.

In the first half of this year, the gross domestic product [GDP] and the total industrial output value increased by 13.9 and 25.1 percent, respectively, over the same period last year, and enterprises' economic results were improved. The production of summer grain hit another record high. Domestic markets were brisk and prosperous, and the total of consumer goods in the markets still maintained the pattern of abundant supply. Import and export trades continued to expand. The people's livelihood was further improved, and various social undertakings achieved new advances.

In the meantime, we should also note that some new contradictions and problems have occurred in the course of continuous national economic advances, some of which are rather conspicuous. These are: 1) the scope of investment in fixed assets was excessively large, the momentum of haphazard establishment of projects did not subside, and the investment structure was not optimized; 2) the financial and monetary situation was grim, the banking operation was in disorder, and in the first half of this year there was a striking contrast between the slow increase in domestic financial income and rapid economic growth, as well as high expenditure, which added weight to the difficulties in balancing annual revenue and expenditure; 3) the contradiction of the "bottleneck" restraints was prominent, the supply of steel products and electricity was tight, and, in particular, the railway transportation was impeded and funds were universally short, affecting the normal production and operation of enterprises; and 4) the margin of price rises widened, as affected by both the effect of pricing reform policies and the rapid growth of social demands.

Whether or not we can make correct judgments on the economic situation is the precondition of whether or not we can consciously carry out the central measures on macroeconomic regulation and control. **In seeking unity of understanding of the current economic situation, it is necessary to handle the following three issues correctly:**

1. We should have a good grasp of the future macroeconomic development trend from the high plane of keeping the overall situation in mind. Because the economic development level in various localities is different, there is a great disparity in the present situation in these localities. Proceeding from their local conditions, they naturally have different views on the economic situation and they will find it difficult to see the economy clearly at a macrolevel if they stand on a local position. But, so long as they are based on an overall, rather than partial, footing, they will find it easy to reach the following consensus: China's current rapid economic growth is healthy, on the whole, although there are still contradictions and problems which should not be neglected. If these contradictions and problems are left to develop uncontrolled, large economic fluctuations can occur, we may bungle favorable development opportunities, and the smooth progress of economic construction, reform, and opening up can be adversely affected.

2. We should understand the important remarks of Comrade Deng Xiaoping and the spirit of the 14th national congress positively, comprehensively, and correctly and integrate emancipating the mind with seeking truth from facts. It is necessary to see that the pursuit of high speed in disregard of economic results, the haphazard establishment of construction projects in disregard of the conditions and possibilities, the arbitrary issuance of stocks and bonds in disregard of funds needed by the state for key construction projects, and so on, do not constitute seizing opportunities. Rather, we have to pay a very high cost. To really seize opportunities to accelerate development in our work we should focus our attention on deepening reform, transforming mechanisms, optimizing structures, and enhancing economic results.

3. We should handle the relations between partial and overall interests properly as well as those between immediate and long-term interests. Some comrades have a relatively clear idea of the current economic situation, problems, and other things but, constrained by partial and immediate interests, cannot act in line with the spirit of the central authorities. For example, although comrades in some localities knew very well that the work in which they were engaged was too large in scale, they still obstinately went on with it. Other comrades feared that if they implemented the central measures on macroeconomic regulation and control seriously they would miss opportunities and suffer losses in the local economic development, so they adopted a wait-and-see attitude. In the final analysis, these actions show that they were afraid of having their local interests infringed upon. Therefore, people in all localities and departments must intensify their concept on overall interests and realize the fact that without a stable overall situation, there will not be a favorable external development environment in the various localities. We should stick to the principle that immediate and partial interests are subordinated to long-term and overall interests, intensify the sense of organization and discipline, and manage to

abide by laws and shun prohibitions in order to ensure the smooth enforcement of government decrees.

II.

We should really put into effect the central measures on macroeconomic regulation and control, correctly analyzing and discovering the causes of the contradictions and problems in the current economic sphere. These are mainly shown in the following two aspects:

As viewed from a lower level, it is mainly due to laxity in discipline and negligence of law. For instance, some units and localities violated the pertinent provisions of the State Council and absorbed capital by way of fund raising at high interest rates to prop up the already overexpanded investment scope; other financial institutions violated the banking regulations by which inter-bank loans are used to cover short terms, and, by utilizing credit facilities provided by banks, obtained funds to engage in speculation in real estate and stocks, founding of companies, and other methods, thus increasing the risks in the monetary system and aggravating the tension in funding. Still other localities went beyond their commission to reduce or remit taxes, contract circulation taxes, transfer budgetary income to nonbudgetary income, and so on, which not only impaired enterprises' fair competition but also caused substantial losses in state financial income.

Taken at a deeper level, it is mainly because the change of track in economic structure has not been finished that some malpractices in the original structure still exist, and in particular the macroeconomic reform in banking, taxation, investment, and others is obviously lagging behind. For instance, the People's Bank of China has multiple functions: It has to stabilize the currency, develop the economy, and readjust the economic structure. Specialized banks, however, carry on both policy-related and commercial businesses simultaneously and such a management structure is no longer suited to the requirements of the socialist market economy. Since reform and opening up, although enterprises' decision-making power in investment has been expanded through delegating power to lower levels, letting them retain a proportion of profits, and, in particular, through implementing the "Regulations on Transforming Operational Mechanisms in Industrial Enterprises Under Public Ownership," generally speaking, government is still the main body in investment and investment decisions, to a considerable degree, still rely on administrative means and the leadership's will. This shows a lack of definite risk responsibility and restraining mechanism under the existing investment structure. The existing structure of taking responsibility for one's own finances has aroused the initiative of the local governments in economic development but, owing to the effect of the interest mechanism, it has often stimulated localities to set up regional trade barriers and engage in duplicative construction and investment expansion. In the area of enterprise structural reform, the state-owned enterprises have not established a mechanism capable of conscious

structural readjustment. When the economy was growing at a high speed, the duplicative construction of low-level and small-scale ordinary processing industry could be found everywhere, the productive capacity of a considerable number of trades greatly exceeded market demands, and enterprises failed to reach their economic scope so that their economic results were very poor. When the economy was tightened, phenomena such as changes of production line, merger, bankruptcy, and others which should have happened did not appear but the low-level industrial structure could not be optimized. Once the economic policies are relaxed again, the original unreasonable industrial structure will continue to expand blindly on the low-level basis.

We realize that the central measures on macroeconomic regulation and control were worked out precisely on the basis of penetratingly analyzing the contradictions and problems surfacing in the present economic sphere and were the right remedy prescribed for the illness, concentrating efforts on resolving the current economic problems from the following two aspects:

We should begin with rectification of the monetary order and the enforcement of strict monetary and financial discipline in a bid to eliminate various chaotic phenomena in banking, finance, and taxation, and to intensify macroeconomic regulation and control. For this purpose, the State Council proposed a "three-point law": screening loans borrowed in violation of regulations within a time limit; stopping the outbreak of "deposit warfare"; and thoroughly separating banks from various economic entities which they run themselves. The financial and tax departments should also abide by a "three-point law": strictly controlling the reduction and remission of taxes; strictly controlling their expenditure and closing their accounts on credit with banks; and prohibiting all their involvement in commercial banking business without the approval of the People's Bank of China.

On the other hand, we should stress that the emergence of the present economic contradictions and problems is, fundamentally speaking, attributed to the failure of eliminating malpractices in the original structure. Under these circumstances, **we must apply new ideas and measures to find a way out through accelerating the transformation of the old and new structures and turn the efforts to improve and enhance macroeconomic regulation and control, and to resolve the prominent economic problems, into a motive force for accelerating reform and establishing a socialist market economic structure.**

The above two aspects are aimed at bringing about a temporary, as well as a permanent, solution, so they are totally consistent. The socialist market economy is, in essence, a legal economy featuring fair competition. Some chaotic phenomena emerging in the course of the present change of tracks, such as raising funds arbitrarily, borrowing money in violation of regulations, randomly issuing shares, reducing and remitting taxes at will, and so on, are all incompatible with the market economy. The rectification of monetary and financial

order does not mean returning to the old structure, nor does it mean adopting the means of administrative fiat to reduce projects and lower targets, as frequently used in the past under the planned economic structure. Looking forward to the goal of the socialist market economy, we should mainly apply reform measures and make more use of economic means, economic policies, and economic legislation to carry out rectification and, through this rectification, rapidly readjust the placement of funds to ensure the demands of the key construction projects, mitigate the tension in funding, and create a relatively relaxed and favorable economic climate, thereby promoting reform in a faster and more effective way and bringing about a sustained, rapid, and healthy economic development.

III.

In a bid to put the central measures on macroeconomic regulation and control into effect properly, it is necessary to expedite reform. Many of the measures regarding macroeconomic regulation and control adopted by the central authorities are themselves reform contents. To have a faster reform in mind is a still more important guiding ideology which runs through the above-mentioned measures. **At present, in particular we must seize hold of the opportune moment for enhancing and improving the macroeconomic regulation and control to vigorously push forward the structural reform in banking, investment, finance, and taxation, and expedite the establishment of effective macroeconomic regulation and control suited to the requirements of the socialist market economy with stress on indirect regulation and control.**

There are three principal aspects in the reform of the banking structure: 1) **reforming the regulatory and controlling mechanism of the central bank so that it really performs a central bank's duties.** Taking the international experience as reference, and judging from China's actual conditions, the regulation and control of money supply and the maintenance of stable money value should be the primary objective of a central bank's monetary policy. The power to regulate and control money should be concentrated in the hands of the central bank. The central bank should create conditions and deliberately use the effective means of deposit reserve funds, rediscount rates, open market business, and others to enhance the standard and ability of macroeconomic regulation and control. 2) **Reforming the structure of specialized banks so that they will become state-owned commercial banks.** We should establish policy-related banks [zheng ce xing yin hang 2398 4595 1840 6892 5887] as soon as possible and totally shift the policy-related business now undertaken by specialized banks to the newly formed policy-related banks. The state specialized banks should be transformed into state commercial banks, becoming enterprise legal persons operating independently, assuming sole responsibility for their own profits and losses, and taking risks by themselves. The commercial banks should converge with the international customary practices in terms of their accounting systems, business operations, and management structures. 3) **An effective**

system for supervising banks to ensure the safety of the banking system. We should establish a system on banking risk management and settlement discipline in line with the ordinary supervisory practice of the market economy.

In investment structural reform, we should clearly define the scope of responsibilities for the state and enterprises. With regard to ordinary construction projects, enterprises rather than the government should be taken as the principal part of investment, decisions on investment should be mainly made by enterprises themselves, and loans should be assessed and decided independently by banks in accordance with the state's industrial policies. We should establish a practical investment risk responsibility mechanism and restraint mechanism for enterprises and banks, incrementally replace the "system of examination and approval" with the "system of report for record," and governments at all levels should no longer intervene in ordinary investment activities. Regarding the areas of infrastructure, basic industries, and others with good social results, long investment returns cycle, and great investment risks, these should be undertaken by the state's policy-related investment and financing system, which is formed by various policy-related banks to ensure implementation of the state's policy on economic structural readjustment. Through the establishment of the state's policy-related investment and financing system, we can increase input into the key construction projects, enhance the intensity of investment in underdeveloped industries, and exercise the role of taking drastic measures to curb investment in overdeveloped industries and avoid duplicative construction.

The financial and taxation structure is the most basic framework system in the market economy, and the taxation structure is the principal external condition for enterprises' microeconomic operations. The frictions between the existing financial structure and the market economy have been increasingly sharpened, and the contradictions of uneven regional development have gradually become so outstanding that reform must be carried out without delay. In light of the general principle of the market economy and China's characteristics, we should establish a new financial structure as quickly as possible. **The objective model of the financial structure is to practice a revenue-sharing system for the central authorities and localities on the basis of reforming and perfecting the existing system.** To practice a standardized revenue-sharing system, first of all it is necessary to guarantee the central authorities' powerful function of macroeconomic regulation and control, define the different functions of the central and local governments, and, according to these functions, determine the powers of governments at different levels for routine matters. Second, it is necessary to differentiate the tax categories and the sharing ratios of some major tax categories for governments at all levels in accordance with their powers for routine matters and the nature of the various kinds of taxes. Third, it is necessary to institute a standardized system under which the central departments will transfer

payments [zhuan yi zhi fu 6567 4448 2388 0102] to local financial departments, so that the financial service level in various areas will gradually become more or less the same. The objective of tax reform is to institute a new tax system with extensive tax bases, fair tax incidence, and effective tax collection and control. The principal function of taxation is to provide relatively stable revenue for the government to suit the new economic changes and to exercise appropriate regulation over revenue distribution in order to create an equal environment for market competition. The tax reform mainly covers the following aspects: 1) unifying enterprise's income tax as soon as possible, standardizing the distribution relationships between the state and enterprises, and bringing about fair competition; 2) formulating the law on personal income tax to promote social justice; 3) reforming the circulating tax system, extending the scope of value-added tax, simplifying tax rates, and expanding the tax collection spheres on real estate and resources; and 4) establishing a local tax system in order to create conditions for properly handling the distribution relationships between the central and local authorities. To ensure the effectiveness of tax collection and control, we should consider reorganizing the tax collection and control system.

The reform of state-owned enterprises is the micro base regarding whether or not the entire macro structural reform can be effectively carried out. At present, while paying serious attention to transforming the operational mechanisms in enterprises so that they will really become legal person entities operating independently, assume sole responsibilities for their own profits and losses, and effect self-development and self-restraint, thereby becoming the main body of market competition and undertaking the responsibility of preserving and appreciating the value of state assets. We should seize the opportunity for intensifying macroeconomic regulation and control to push forward the establishment and perfection of the structural readjusting mechanism. We should be determined to straighten out the relations between the ownership and management of enterprises and really achieve the separation of government functions from those of the enterprises. After the measures intensifying macroeconomic regulation and control are put into practice, the enterprise operation environment will become tighter and some state-owned enterprises will suffer new losses. Hence, we should guide our actions according to circumstances and push forward the development of enterprises through mergers, lateral associations, and enterprise group formation. Regarding those enterprises producing unsalable goods, which have run in the red for a long time, which have no hope of eliminating deficits, or which are unable to cover debts with their funds, they must be declared bankrupt in accordance with the law. We should encourage enterprises to take the initiative in changing their lines of production and provide them with appropriate preferential policies in terms of taxes and funds. We should make further efforts to perfect the implementation measures of

job-awaiting insurance for staff and workers in enterprises under public ownership, push forward the reform of the industrial accident insurance system, further expand the scope of old-age insurance, and positively accelerate the reform of the medical system, with a view to creating favorable conditions in social insurance for the structural readjustment of state-owned enterprises.

Securities Regulatory Commission Sets Guidelines

OW1008135193 Beijing XINHUA in English 1330
GMT 10 Aug 93

[Text] Beijing, August 10 (XINHUA)—The China Securities Regulatory Commission (CSRC), the country's top securities market watchdog, today issued a comprehensive set of guidelines to govern its staff workers.

The guidelines, which contain 23 rules, stipulate that CSRC staff must not provide information or consulting services to any institutions or individuals involved in securities trading.

They must not work as consultants or take part-time jobs in any business firms involved in or related to securities issuing, floating, trading affairs, or in any specialized business firms involved in securities that CSRC oversees, including certified public accountant firms, lawyers offices and property appraisal firms.

The regulation prohibits CSRC staff and their spouses from buying stocks, either for themselves or for others.

Anyone applying to work at the CSRC must state clearly the securities he and his spouse possess, and must sell stock-related securities within a given time before he or she begins working as a CSRC staff.

According to the regulations, CSRC staff will be sacked and, in serious cases, prosecuted according to law if found taking bribes. CSRC will ban from issuing securities or suspend the license of institutions that give bribes.

CSRC Secretary-General Zhu Li said that the regulations also apply to the work staff of the State Council's securities committee.

At present, about 90 people work in the two securities monitoring bodies.

Zhu said the purpose of making the regulation public is to place securities officials under the supervision of the public and prevent insider trading.

"The honesty of securities supervisors is one of the fundamental preconditions of a healthy market," stressed Zhu.

He revealed that state securities administrators are drafting a regulation to standardize the behavior of those involved in securities business.

Commission Sets Rules on Internal Stock Issues

HK1208070693 Beijing XINHUA Hong Kong Service in Chinese 1546 GMT 29 Jul 93

[Text] Beijing, 29 Jul (XINHUA)—The State Commission for Restructuring Economy recently promulgated the Regulations on the Management of Stocks Held by Internal Staff and Workers in Joint Stock Limited Companies Practicing Oriented Collection.

According to the Regulations, limited joint stock companies practicing oriented collection refers to limited joint stock companies which do not issue stocks to the general public, but only issue stocks to internal staff and workers in legal bodies and companies, and stocks held by internal staff and workers refers to stocks issued by companies and held by personnel who fall into the domain of investors as stipulated by these Regulations.

The Regulations point out that the following personnel cannot buy and hold stocks issued by the companies to internal staff and workers: staff and workers in units of shareholders acting as legal persons for companies (including the sponsor units); staff and workers in subsidiaries which are not solely funded by the company and in units which are jointly run with other establishments; staff and workers in units which are related to the company; party and government cadres outside the company; the general public outside the company; and other personnel who are banned from buying and holding company stocks according to the laws and regulations of the state.

The Regulations also explain some issues such as stock ownership papers and stockholder cards for internal staff and workers, methods for examining and approving stocks for internal staff and workers, transferring stocks among internal staff and workers, and the management of stocks held by internal staff and workers.

Some State-Owned Firms To Assume Liability

HK1208033993 Beijing CHINA DAILY in English 12 Aug 93 p 1

[By staff reporter Li Hong: "More State Firms Liable for Profits and Losses"]

[Text] China plans to transform one third of its State firms into "companies with limited liability" so that they bear responsibility for their profits and losses.

The State had paid all economic losses if firms ran into deficit.

The new move is part of a government bid to speed up industrial reform.

For the last 10 years the practice has been to contract State-owned firms to individual managers.

Now the plan is to turn one third of the country's State enterprises into "solely State-funded companies" by 1995.

They would be limited and that means they could be allowed to go bankrupt.

The change is to be brought about by the State Economic and Trade Commission in collaboration with the State Commission of Restructuring Economic System.

The move marks a major "policy revamp" in State-run enterprises, said Chen Qingtai, Vice-Minister of State Economic and Trade Commission at a recent national conference.

The Standing Commission of the National People's Congress, China's top legislative body, has completed drafting a corporate company law, which could be ratified this month, said Li Yining, a leading economist and a senior legislator.

Li said setting up "solely State-funded companies" and "joint stock companies" will modernize State-owned industry by creating a new corporate structure.

"If approved, the corporate law will empower all State firms to look after their own rights and liabilities," said the Beijing University economics professor.

The strictly regulated legislation will also wipe out those "administration-turned companies" which count on official links to seek illegal profits, Li said. The government will also continue to list more large and medium-sized state firms on the stock market, said Chen Qingtai.

About 3,700 state enterprises have tried the shareholding system. Of these, 69 have listed their stocks on the Shanghai and Shenzhen stock markets. Some have even listed their stocks on the Hong Kong stock market, Chen said.

He said that the government will continue to sell and lease some small State-owned commercial firms to private businessmen.

Now cities like Beijing and Shanghai have sold hundreds of deficit-ridden commercial stores to individuals.

"The reform has proved successful," Chen said.

China's overall economy reported nearly 14 percent growth in the first six months this year. But despite this, the State Statistics Bureau reported that more than 31 percent of State-run enterprises were running in the red at the end of June.

"Many more are running with hidden losses," Chen said.

It is estimated that poorly-run State businesses cost the State coffers 150 billion yuan (\$26.315 billion) annually.

Chen said the government is considering a plan to exempt or reduce the bad loans State enterprises owe to State-run banks.

The assets of 15,000 large and medium-sized State enterprises are also to be checked, Chen said.

Coastal Areas Close Several Development Zones*OW1108191293 Beijing XINHUA in English 1546
GMT 11 Aug 93*

[Text] Beijing, August 11 (XINHUA)—The coastal areas of China have closed down three-fourths of their economic development zones, in the wake of a State Council decision.

According to a report from the State Council's Special Economic Zone Office, seven provinces and one autonomous region along the coast of China have reexamined all development zones set up by local authorities. At the behest of the State Council, they have reduced the number of such development zones from 1,200 to 200, and slashed the total area of the development zones to 1,600 sq km from the original more than 7,500 sq km. The reexamination work is still under way.

The objective is to stop land which has little prospect of development in the near future being cordoned off, when it could be used for crop growing.

There has been a rush to set up economic development zones all over the country, especially in the coastal areas, in recent years.

According to Hu Ping, director of the Special Economic Zone Office, only one-tenth of the local economic development zones have turned out beneficial for the local economy. About one-fifth of the development zones are still waiting for funds to start planned projects.

The State Council has approved only 30 economic and technological development zones in the country's coastal areas.

It is also prohibited for localities to adopt investment incentives and tax exemptions beyond their authority.

Columnist Views Economic Structural Changes*HK1108090693 Beijing RENMIN RIBAO in Chinese
26 Jul 93 p 2*

["Random Talk on Economic Life" column by staff reporter Wang Qingxian (3769 3237 2009): "Using Reform To Build a Practical Fulcrum for Rapid Economic Growth"]

[Text] At present, the situation of economic development in our country is good, but some noticeable problems have also appeared in the course of the high-speed development. For example: Investment has swollen excessively; the bottleneck constraints have become more prominent; the retail prices in the market have been increasing too much; potential inflationary pressure has been released; and the financial conditions are not satisfactory enough.

Since the beginning of reform and opening, our economic growth has always been plagued with the following problem: If the growth rate is increased, the contradiction between supply and demand is aggravated

and prices continuously increase, leading to fluctuations in the economy; if the growth rate is slowed, the business results in the enterprises slide down substantially and the economy as a whole bogs down in a recession.

Can China's economy end such a dilemma? Is the high-speed growth inevitably linked with inflation in a causal relationship?

To answer these questions, we must first cast our eyes on the enterprises, which form the microeconomic foundation for the high-speed economic growth.

I.

Why does inflation occur? The answer seems simple and obvious: The gross demand in society outgrows the gross supply and goods are in short supply.

Therefore, in order to mitigate such a contradiction between supply and demand, it is necessary to increase supply. In order to increase supply, input must be increased to expand the capacity of production. Thus, increasing input and expanding production capacity may become a means of curbing inflation.

However, why did not such a possibility become a reality in our economic operations?

There are two different types of economic imbalance caused by gross demand substantially outgrowing gross supply in society. One is called overall quantitative imbalance, and the other is called structural imbalance. In general, the former finds expression in the increase in the general price level. However, if the demand for such key products substantially exceeds the supply of such products, the price increase of such products may push up the general price level, producing the so-called structural imbalance. At present, transportation is strained in our country, and the prices of energy sources and raw materials have been increasing substantially. This shows that the imbalance at the current stage in our country is, to a large extent, a structural imbalance.

In view of the structural problems in our industry, adjustment was made in the three years of rectifying the economic order, but no substantial progress was made in adjusting the existing quantity [cun liang 1317 6852]. When we entered a new development period, credit and financial control was relaxed across the board and people thus paid more interest to the economic growth rate, but the intensity of structural adjustment was not increased. As a result, the structural imbalance was once again aggravated.

The imbalanced structure confused the orientation of the input of funds, making it impossible to raise the efficiency in the use of funds. The additional input to the imbalanced structure further increased the production of goods which were already oversupplied and aggravated the shortage of goods that were in short supply. The aggravation of the structural imbalance also made it impossible for additional investment to play a positive role in mitigating the contradiction between supply and

demand. Thus, the high growth rate inevitably went side by side with rising pressure from inflation.

Therefore, when increasing input, consideration must be given to the objective of adjusting the structure. Otherwise, rapid growth will just create a negative result. However, if the structural adjustment relies only on new input, little results will be achieved. It is necessary to adjust the structure of the existing quantity and to effect the new combination of the production factors in order to raise the operation efficiency of the existing assets.

However, for many years past, no substantial result has been achieved in the industrial structural adjustment, although this was repeatedly advocated. The fundamental reason lies in the fact that the enterprises did not really achieve their status as separate market entities. The adjustment of the industrial structure must be preconditioned by the movement and recombination of production factors. When property rights relations have not been rationalized, the enterprises have no such power and have no such initiative. In addition, the financial system which allocates financial resources on the basis of fixed quotas also made it hard for the relevant government departments, representing ownership over the enterprise assets, to acquire such motivation. In such circumstances, it was natural that no substantial progress was made in adjusting the structure of the existing quantity. This shows that there is no inevitable causal relationship between a high economic growth rate and inflation and that the imbalanced industrial structure in our economy was the actual root cause of linking the high economic growth rate to inflation.

II.

The excessive growth rate was caused by the excessive intensity of investment and the excessive scale of capital construction. Why? The reasons lie in many aspects. However, a major reason was that local leaders were all anxious to quicken the pace of their local development. They were sensitive about comparing their growth rates with each other and feared that they might lose face and their work performances might be regarded as not prominent enough if their local economy grew slower than those of others.

In general, the current high-speed economic growth was effected before the government functions were changed, and the reform of the enterprise operation mechanism was completed, and when local governments at various levels were still adopting administrative means to organize the economy. The driving force behind the structure was still the old-style downward power delegation and was not from the enterprises' self-development in a market economy. The governments at various levels had a fixed financial allocation quota. In order to expand their financial sources, they inevitably vied with each other in starting projects on a large scale and pursuing a large-and-comprehensive or small-and-comprehensive economic structure at the same time without regard for

the poor economic efficiency and the duplicated development models. Comrades engaged in local economic work liked to use the phrase "run for projects." When striving to develop the local economies, they certainly had to "run" to the provincial and central authorities, and this vividly depicted a fundamental feature in our investment system—government domination.

At present, although the power to decide investment has been delegated from the higher to the lower levels, the final decision-making and supervisory power has not been delegated to the enterprises, and enterprises, at most, only have implementation power. In order to seek immediate local interests, local governments used state loans and appropriations to develop the processing industry rather than basic industry, seeking quick returns. Some local leaders were keen to do this to demonstrate prominent work results during their tenure. To pursue quick returns they neglected the development of basic industry. At present, the excessive investment can be attributed to the fact that our investment is still basically a type of government behavior. On the one hand, enterprises contract loans and make investments, and on the other, the government pulls the strings behind the scenes. For example, the establishment of a development zone was based on the local government's allocation of a portion of land and its instructions to the banks to offer loans to some enterprises. Even if the banks and the enterprises were unwilling to do this, they still had to obey the government's order. The enterprises themselves did not have independent interests and did not manage to bear responsibility; thus they lacked the self-control mechanism for making input. They were not investment makers and did not bear investment risks. Being stimulated by economic expansion, as long as the government dared to offer credit, they certainly dared to apply credit; as long as the government dared to make the decision, they certainly dared to take action. Thus, duplicated and blind construction and investment and inefficient operation was unavoidable. The government's unlimited responsibility for investment (combined with the situation of no one bearing responsibility for the assets of the state-owned enterprises)

If enterprises become investment makers, in real terms, they will inevitably select the correct orientation according to their own interests and decide in what economic sectors their input can or cannot be made, thus reducing blind investment demand. They will also continuously promote the recombination of industrial factors in good time according to their own interest to raise the operation efficiency of the assets and increase their output. This will mitigate the contradiction between supply and demand.

III.

The current problems in the economy are problems in the course of seeking a high economic growth rate. We are now situated in the triangle zone bounded by economic reform, economic growth, and industrial structural adjustment. The high-speed economic growth in

our country is healthy, in general, but the existence of problems is also an objective fact.

At the recent national banking work conference, Vice Premier Zhu Rongji explicitly pointed out that the problems appearing in the course of advances can be solved through quickening and deepening reform, and there is no need to exercise across-the-board retrenchment. Optimizing the industrial structure and solving the bottleneck constraints are the pressing tasks of the moment. This undoubtedly shows that we have grasped the key link in the problems. To solve the two major problems we need to intensify enterprise reform and establish the enterprises' status as separate market entities, interest entities, and operation entities. Investment should be turned into a type of enterprise behavior. In the course of seeking maximum profits, the enterprises will take the initiative in optimizing the structure through the market mechanism. At the same time, reformed enterprises will raise their output-input rate, curb blind demand expansion, and inevitably provide an internal driving force and sufficient lasting dynamism for their future development.

Products have quality, as does economic growth. A high-speed economic growth must be combined with high labor productivity and high economic efficiency if the former is to be regarded as high-quality growth. Only thus can the high growth rate be kept stable and continuous. To achieve all this, we must take quicker and greater action in the reform of the large and medium state-owned enterprises, which hold the dominating positions.

Commentary on 'Encouraging' Results of Policy

HK1108041893 Beijing CHINA DAILY in English
11 Aug 93 p 4

["CHINA DAILY Commentary" from the "Opinion" page: "First Fruits"]

[Text] More than one month has passed since the central government introduced a package to tighten macro-economic controls and restore order to the financial sector. First fruits of the measures are encouraging.

The economy is being cooled down. Although the industry still advanced 25.1 percent in July compared with the same period of last year, the figure is 5 percentage points lower than the growth in June, according to the State Statistical Bureau.

The renminbi yuan is looking up. Nowadays, one dollar is traded for approximately 8.8 yuan at the foreign exchange swap centres, a 20 percent increase in value for the yuan than one month ago.

Reports from China's four specialized banks show that personal savings increased 14.8 billion yuan (\$2.6 billion) within the first 10 days after the second interest-rate increase on July 11.

The government's 1993 Treasury Bonds were sold out by the end of July, as requested by the State Council.

Interbank lending for speculative investment in securities and real-estate development is grinding to a halt. Risky loans to non-bank financial institutions for speculative activities are being recalled.

The prices of some major production elements, such as steel and cement, have dropped at least 5 percent compared with early July.

Funds for investment in needed infrastructure projects and for purchasing cereals and other farm products are increasingly available.

All these show that the readjustment package is on the way to achieving its goals.

However, whether these preliminary results will have lasting and far-reaching effects depends on whether all departments, local authorities and individuals seriously implement the package.

Policy adjustments and reforms, to be effective, must inevitably realign interests.

The nation must know that unless the financial disorders are rectified, unless speculative investment is halted to make funds available for necessary infrastructural development, the economy cannot have sustained growth and social stability may even be disturbed. The interests of the entire nation must come before those of any locality, unit and individual.

A balanced financial order requires greater efforts in improving economic legislation and enforcing relevant laws.

It looks that the government will succeed in cooling the economic engine without stalling it. The package, in nature, is not like the austerity policy taken in 1988.

Government departments forecast that China's gross national product (GNP) will achieve double-digit growth in 1993.

As the economy becomes healthier, reforms in banking, public finance and taxation, as the key components of the overall economic reform, must be continued.

Top government officials and economists are designing the next wave of reforms. Only through further reforms can the problems which have plagued the Chinese economy be gradually solved in the future.

'Ministry of Machine-Building' Officially Set Up

OW1208090493 Beijing XINHUA in English 0840
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—The Ministry of Machine-Building Industry was officially set up this morning in Beijing.

According to a decision made by the first session of the Eighth National People's Congress this spring, the former Ministry of Machinery and Electronics Industry was abolished, and the new ministry was set up to take charge of the national machine-building industry.

He Guangyuan, the minister, said the subsidiaries and staff of the ministry had been greatly reduced. Some of the staff cuts were over 60 percent.

He said that the new ministry is switching from direct management to indirect management of the national machinery industry, and major attention will be paid to macro-management and decision-making.

He said the Ministry will also be responsible for the management of the national auto industry, which was formerly monitored by the China National Automotive Industry Corporation, so as to reinforce the macro-management of the auto industry and make it a national economic pillar as quickly as possible.

Bo Yibo, Leaders Inscribe for Kunming Fair

*HK0508064793 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 5 Aug 93*

[Text] Yesterday afternoon, concerned comrades in charge of the Kunming Trade Fair organizing committee briefed reporters on inscriptions written by leaders of the central authorities and seven parties of five provinces and regions for the first Kunming trade fair.

The inscription written by Li Lanqing, member of the CPC Central Committee Political Bureau and vice premier of the State Council, read: Let us do a good job in the Kunming Trade Fair to make contribution to the development of foreign trade.

The inscription written by Qin Qiwei, member and vice chairman of the National People's Congress Standing Committee, read: Let us do a good job in the Kunming trade fair to invigorate the Southwest.

The inscription written by Comrade Bo Yibo read: Let us do a good job in the Kunming Trade Fair to promote the economy of the southwest.

The inscription written by Diao Jinxiang, vice governor of Sichuan, read: Let us give play to the southwest's superiority to jointly march to the world.

The inscription written by Pu Chaochu, secretary of the Yunnan Provincial CPC Committee, read: Let us do a good job in the Kunming Trade Fair to invigorate the Southwest.

The inscription written by He Zhiqiang, governor of Yunnan Province, read: Let us open up the southwest wide to greet visitors and traders from all over the world.

The inscription written by Chen Shineng, governor of Guizhou Province, read: Let us make joint efforts to exploit the southwest and to develop large-scale trade.

The inscription written by Cheng Kejie, chairman of the Guangxi Zhuang Autonomous Region, read: Let us join together to build an outlet to the sea and march to the international market.

The inscription written by Toinzhub, vice chairman of the Tibet Autonomous Region, read: The spring city always blossoms in radiant splendor.

The inscription written by Liu Zhizhong, mayor of Chongqing City, read: Let us cooperate together to open up wider and expedite the development of the southwest.

The inscription written by (Huang Renda), mayor of Chengdu City, read: Let the Kunming Trade Fair become the showcase in the southwest's joint pursuit of prosperity.

People's Bank To End Credit Restraints by Dec

*OW1108083993 Tokyo KYODO in English 0724 GMT
11 Aug 93*

[Text] Shanghai, Aug. 11 KYODO—A high-ranking official of China's central bank said Wednesday [11 August] the bank will end its credit restraints by the end of the year.

The restraints were implemented to prevent overheating of the Chinese economy and to restore order in the nation's financial system.

The official, with the Shanghai Branch of the People's Bank of China, said in an interview with KYODO NEWS SERVICE that the bank is determined to prevent a further fall in the yuan's value against foreign currencies.

The official, who asked not to be identified, said the bank hopes to see the value rise to 8.5 to the U.S. dollar by the end of the year from the current level of 8.8, and to a range of 8.0 to 8.5 in the long range.

Posts, Telecommunications Minister Tours Hebei

*SK1108060193 Shijiazhuang Hebei People's Radio
Network in Mandarin 2300 GMT 10 Aug 93*

[Text] Wu Jichuan, minister of posts and telecommunications, came to our province to inspect posts and telecommunications work on 10 August. That evening, Cheng Weigao, secretary of the provincial party committee, and Governor Ye Liansong cordially met Wu Jichuan and his entourage at the meeting room of Guibin Hall in Hebei Hotel.

Wu Jichuan and his entourage, a total of three people, arrived in Shijiazhuang on the morning of 10 August. In the afternoon, Governor Ye Liansong accompanied them to inspect the new building of the provincial posts and telecommunications specialized school and the Shijiazhuang City Telecommunications Bureau and listened to briefings given by relevant departments.

During his inspection, Minister Wu Jichuan stressed: It is necessary to seize the opportunity and accelerate the development of posts and telecommunications undertakings. He

believed that the provincial capital should be at the fore of the whole province, and its development should be quicker than at other places. He pointed out: Posts and telecommunications undertakings should better serve economic construction and the people's living.

During the meeting, Secretary Cheng Weigao said: Posts and telecommunications undertakings are extremely important in the course of developing the national economy and opening to the outside world. We should seize the opportunity and accelerate the development of posts and telecommunications undertakings.

Governor Ye Liansong briefed Minister Wu Jichuan on our province's priorities of developing posts and telecommunications undertakings during the Eighth Five-Year Plan period and hoped to accelerate the development and construction pace with the help of other localities. Minister Wu was pleased on hearing this, and agreed with his view.

Industrial Output Declines in July

HK1108032093 Beijing ZHONGGUO XINWEN SHE
in English 0959 GMT 10 Aug 93

[Text] Beijing, August 10 (CNS)—In the wake of stricter state macro-regulation and control and with the high summer temperatures and flooding in some areas, July saw China's industrial output in an obvious decline after 18 months' continuous high-speed growth.

According to statistics by the State Statistical Bureau, the industrial output value in July was 25.1 percent up over the same month of last year with the growth rate being 5.1 percentage points down over June.

The output growth rate in 26 areas of the country fell by various degrees over June with the greatest rates of fall being recorded in the western and central regions including Shanxi, Inner Mongolia, Guizhou, Yunnan, Gansu, Qinghai and Ningxia. Slight falls were recorded in a number of places including Guangdong, Hainan and Shanghai.

Broken down by ownership, the growth rate of state-run, collectively-run and other types of enterprises all declined with the fall in growth of state-run enterprises being the largest at four percentage points while the decrease in growth of other types of enterprises was slight at only 1.2 percentage points.

As for products, light textile products and a number of other items including sewing machines, watches and recorders were down in this period while colour TV sets, videorecorders, washing machines, refrigerators and electric rice cookers all continued to grow rapidly and some raw materials and main investment-type machinery and electronic products continued a comparatively high level of growth while the production of a range of items involving steel, ethylene, sulphuric acid and chemical fertilizers all declined by varying degrees.

Economists believe that with the implementation of regulation and control, the growth of the national economy will continue to gradually decline.

State Plans Investment Environment Data Center

OW1208071393 Beijing XINHUA in English 0633
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—China will build a comprehensive data base center on the country's investment environment and conditions.

The data base center will be built jointly by the China Council for the Promotion of International Trade (CCPIT), the State Information Center and China Central Television (CCTV).

The center will contain photo and video information on China's nearly 1,000 open counties and cities.

Its material and information will be distributed overseas through CCPIT and the State Information Center. The center will also provide consultancy service.

Some of the information will be broadcast to over 30 countries and regions through CCTV.

Official Reports on State Unemployment Insurance

OW1108074893 Beijing XINHUA in English 0739
GMT 11 Aug 93

[Text] Beijing, August 11 (XINHUA)—More than a million unemployed workers in state-owned enterprises have benefited from the state unemployment insurance system over the past seven years since the system was established in 1986.

Most of the unemployed workers have become re-employed with the help of the state's various labor departments. The average unemployment period for jobless people has dropped to just six months, said a leading official with the state's Ministry of Labor.

According to him, a sound and comprehensive unemployment insurance system has come into shape in the state which covers the rules for the management and use of the unemployment fund, the registration, administration and training of unemployed workers, as well as the measures taken to boost their re-employment.

In the past six years, China has set up over 9,700 job-introduction agencies, 2,200 re-employment training centers and 200,000 labor service enterprises for redundant personnel.

The official said that the state's unemployment insurance work was closely tied up with the state re-employment effort from the very beginning, so the administrative system and the use of the unemployment fund help to get people back into jobs.

He added that the state allocated a record 90 million yuan (about 15.7 million U.S. dollars) for the unemployment insurance fund in 1992 alone.

To adapt to the fast-growing market economy and further enterprise reform, eight provinces and municipalities have enlarged the scope of unemployment insurance in state-owned enterprises and extended it to employees in collectively-owned, foreign-funded and private enterprises.

The official said that the state's ultimate aim is to establish a comprehensive unemployment insurance system which serves workers and employees in enterprises and institutions of all kinds of ownership. In that system, the fund will be undertaken by both the government and the enterprises and the relief will be closely linked with re-employment.

The system will in a short time be practised in state and collective-owned enterprises and in the private and foreign-funded enterprises as well. the lowest level of dole per person will be slightly higher than the average social relief allocation given by the local departments of civil affairs, the official added.

State Hastens Preparation for 3 Gorges Project

OW1008123493 Beijing XINHUA in English 1219
GMT 10 Aug 93

[Text] Yichang, August 10 (XINHUA)—China is speeding up preparatory work for the construction of the Three Gorges project, according to a conference which just closed here.

The conference was sponsored in this city in central China's Hubei Province by the Three Gorges Project Construction Committee under the State Council.

A batch of key preparatory projects will soon be embarked upon, including a 29-km highway between the site of what will be world's largest dam and Yichang and a 1,400-m-long cable-stayed bridge across the Xiling Gorge, one of the Three Gorges.

In addition, the construction of shiplocks, irrigation ditches, an anti-flood dam, a 220-kv power supply system between the downstream Gezhouba dam and the Three Gorges project, warehouses and a communications network will also be started soon.

The preparatory work started last November. So far, more than 1,170 people have been resettled and the construction of warehouses, docks and bridges is in progress.

Hubei Plans Bridge for Project

OW1108115293 Beijing XINHUA in English 1144
GMT 11 Aug 93

[Text] Yichang, August 11 (XINHUA)—The Xiling Bridge across the Yangtze River will be built in Yichang in central China's Hubei Province. It will have the biggest span of all the cable-stayed bridges in China.

The bridge, one of the key preparatory projects for the construction of the giant Three Gorges Dam, will be 1,400 m long and 15 m wide. It will have one span of 900 m, according to an official of the China Yangtze Three Gorges Project Development Company.

It will be located 3.2 km downstream from the site of the dam.

Construction of the bridge will start in the last quarter of this year. It is due to be completed in 1995.

Shanghai Venture To Produce Fax Machine

OW1208072693 Beijing XINHUA in English 0631
GMT 12 Aug 93

[Text] Shanghai, August 12 (XINHUA)—The Shanghai Ricoh Fax Machine Company, a venture jointly set up by Shanghai, Hong Kong and Japan, has been founded in the Pudong New Area of Shanghai, a leading industrial city in east China.

The company has been designated as a special project of the state to develop the fax machine-making industry in a bid to gradually build a national fax machine production base in Jinqiao of the Pudong New Area.

According to a contract signed on Tuesday [10 August], the joint venture has a total investment of 44 million U.S. dollars.

Located in the Jinqiao export processing zone, the company covers an area of 40,000 square meters.

The Shanghai Fax Machine Company, the Chinese partner to the joint venture, is the biggest fax machine producer in China.

The joint venture plans to maintain an annual production of 400,000 fax machines in several models. Internationally advanced technologies and equipment will be imported to aid production.

The company also plans to have 70 percent of all parts made in China by the year 1995.

Some Chinese experts have predicted that the demand for fax machines on the home market will rise by 40 to 50 percent each year in the 1990s.

The State Economic and Trade Commission and the Ministry of Electronics Industry have set the fax machine industry as a major sector for import of technology and equipment and for home development.

The Shanghai Municipality has also designated the fax machine as a key product in the telecommunications sector.

Report on Beijing Retail Market 'Prosperity'*OW1208104293 Beijing XINHUA in English 1003
GMT 12 Aug 93*

[Text] Beijing, August 12 (XINHUA)—Beijing, the capital of China, never has had as many shops as it has today. Yet it seems all of them are also enjoying profits that never have come so easily.

In the first half of this year, the city's retail sales reached 26 billion yuan, increasing 28.2 percent over sales in the same period in 1992.

Ownership arrangements for these shops are varied: Some are owned by the state, some by the private sector, some are joint ventures with overseas partners, and some are owned by other Chinese provinces and regions.

The Beijing Municipality decided in the early 1990s that the retail market of Beijing not only belongs to Beijing, but also belongs to the whole country, which means the market will be open to businesses from around the nation.

Provincials have quickly seized the opportunity. Shops being built by the residential representative offices of other provincial governments alone have exceeded one hundred.

Beijing has also opened its gate to businesses around the world. Two joint venture shops, with Japan and Germany, are already in operation, while more are being constructed or planned on the city's busiest business streets.

The joint venture shops, despite being the source of hot controversies because of their extremely high prices, are also reportedly making extremely good profits.

The prosperity of the retail market is partly the result of a series of governmental enactments, it is believed.

Following the lifting of price controls on meat and eggs in 1992, the Beijing municipality removed the limit on grain prices earlier this year and cancelled the grain coupon system in use for about 40 years.

As the number of retail enterprises increases, competition is getting fierce. For example, traditional Chinese food is waging a hard war against western fast food.

And new services are appearing. Chain shops, door-to-door sales and telephone shopping are creating new modes for doing business.

Ministry Intensifies Grain Management Control*OW1108111393 Beijing XINHUA in English 1105
GMT 11 Aug 93*

[Text] Beijing, August 11 (XINHUA)—China has made great breakthroughs in the system of grain distribution and some 95 percent of the state's counties and cities have liberalized grain prices.

Speaking at a national grain conference held here today, Bai Meiqing, vice-minister of internal trade, said that the state's

macro-control over grain management has been further improved and the state's grain reserve system perfected.

According to the vice minister, the state's subsidy to grain enterprises was cut sharply due to the relaxation of grain price control, which greatly relieved the state financially.

However, the vice minister said that the state-owned grain enterprises are not in good shape yet, facing fierce market competition. The state's grain sales volume saw a sharp reduction of 29.8 billion yuan (about 5.2 billion U.S. dollars) in the first half of this year, compared with the same period last year. Grain management under negotiated price witnessed a deficit of 1.1 billion yuan (about 193 million u.s.dollars) in the same period.

Bai asked grain enterprises nationwide to take advantage of the current grain price reform and resort to various flexible ways to boost grain marketing.

The vice minister suggested that to invigorate grain distribution and management, the state may lease or contract out the small-sized grain enterprises owned by the state to individuals, or practise a system with state ownership but managed by individuals.

Bai demanded that local grain departments should obtain enough money to purchase enough grain as ordered by the state. Efforts should also be made to conduct grain deals under a negotiated price.

The vice minister stressed that in if the grain price in the market is lower than the protection price set by the state in the interests of farmers, the grain departments should pay the protected price.

Rising Deposits Fund Cash Payments to Farmers*HK1208034593 Beijing CHINA DAILY in English
12 Aug 93 p 2*

[By staff reporter Wang Yunhe: "Big Rise in Deposits a Cash Boost for Farmers"]

[Text] Farmers are being paid for the summer harvest in cash rather than IOUs after a 14 percent rise in savings deposits in July enabled the Agricultural Bank of China to sanction substantial loans for the purchase of the crops.

The bank had received 549.2 billion yuan (\$96.4 billion) from individual savers by the end of last month, an increase of 13.9 billion yuan (\$2.4 billion) over the previous month, according to bank officials.

In July, individual deposits from savers in the countryside registered a jump of 9.3 billion yuan (\$1.6 billion), compared with the same month last year.

Officials said the record rise in bank deposits shows the government's efforts to restore financial order are paying off.

The government wants to pool enough funds to support infrastructural construction and agricultural production

by increasing bank savings and cutting increasing investment to sectors such as real estate and stock speculation.

The People's Bank of China, the country's central bank, has raised interest rates twice since May. The rate for one-year savings deposits has been raised by 3.42 percentage points.

The officials said rising deposits had propped up the bank's massive lending programme, which aims to provide enough cash for the grain purchasing units to pay farmers in cash instead of IOUs.

The Agricultural Bank of China issued 100.7 billion yuan (\$17.7 billion) in loans to such units in July, the busiest season for buying the summer harvest.

"The figure hit a historic high," one bank official said.

The money is being used mainly for purchases in the six provinces of Hubei, Hunan, Jiangxi, Anhui, Henan and Sichuan, where farmers were paid cash instead of IOUs last month when they sold their summer harvest to the government.

The Agricultural Bank is promoting savings deposits to respond to the government's call for an end to the issuing of IOUs to farmers.

Hard-to-cash IOUs had been a source of major complaints from farmers who blamed them for the fall in their incomes.

The bank has ordered its sub-branches to send fact-finding groups to supervise purchasing in the country's grain-producing areas.

It aims to avoid any possible diversion of bank loans earmarked for grain purchase to other purposes.

But the latest reports from these fact-finding groups said that the bank has lent too much to grain purchase units this summer which may weaken its financial strength.

Bank officials predicted that the grass-roots grain purchase units, which open accounts in the Agricultural Bank, will find it hard to pay back the loans in a short period, because the country's poor transport network would hinder the distribution of summer crops as well as sales.

Soil, Water Conservation Rules Take Effect

OW1108070893 Beijing XINHUA in English 0651
GMT 11 Aug 93

[Text] Beijing, August 11 (XINHUA)—New regulations for the implementation of China's water and soil conservation law went into effect today.

The State Council issued an order signed by Premier Li Peng, promulgating the regulations for the implementation of the law on water and soil conservation.

Under the 35-article regulations, all units and individuals have the right to report to the people's governments, administrative departments of water resources or other

departments above county level illegal forest felling, reclamation of grasslands, and discharging wastes into rivers and lakes, or other actions causing soil erosion.

The regulations also stipulate that local governments and organizations of water and soil conservation should strengthen controls for people and organizations engaged in digging for medical herbs, raising silkworms or producing charcoal and bricks, to prevent soil erosion and deterioration of the environment.

The regulations say that designers of railways, highways, water-control systems, mines, power stations and other construction projects should take water and soil conservation into consideration. Projects without measures to conserve water and soil will not be allowed to begin.

The regulations also lay down penalties for people who violate these laws.

State Issues Rules on Water Extraction

OW1208083393 Beijing XINHUA in English 0753
GMT 12 Aug 93

[Text] Beijing, August 12 (XINHUA)—The Chinese Government has issued detailed rules for the implementation of the license system for extracting water from lakes, rivers and underground sources.

The detailed rules, which were adopted on June 11 this year at the fifth executive meeting of the State Council, were made public today with the orders signed by Premier Li Peng.

The rules will go into effect as of September 1.

The rules were decreed in compliance with the Water Law of the People's Republic of China with a view to strengthening the management of water sources and promoting an economical use of water and the rational utilization of development of water sources.

The new rules provide that all organisations, enterprises and individuals must get a licence if they want to extract large amounts of water from rivers, lakes or underground water sources.

Exemptions are use of water for a family's daily life, or for watering livestock and poultry, or farmland irrigation, or safeguarding construction and production of mines and other underground projects, or protecting public facilities from being endangered or eliminating dangers from the facilities.

Licence applications should be made to higher administrative authorities or authorized institutions, which should decide on them within 60 days. Urgent applications should be dealt with within 30 days.

The rules also provide penalties for those who violate these rules.

East Region

Shandong Secretary Issues Directive on Flood

SK1208093593 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 11 Aug 93

[Text] After having been informed of the torrential rainfall and the serious flooding in southern areas of our province during his visit in New Zealand, Jiang Chunyun, secretary of the provincial party committee, resolutely made a decision to return to the country before the due date and went to the disaster-plagued areas in the southern areas by boarding a nonstop express train in Beijing the same night. He alighted from the train at the west station of Zaozhuang city at 0859 on 11 August. Greeting him at the railway station were Zhao Zhihao, governor of the province, Zhang Ruifeng, vice governor, and the leading personnel of Jinan Military Region and the provincial military district, who are inspecting the flooding situation in the plagued areas; as well as responsible comrades from the party and government organs of Zaozhuang city.

After his arrival in Zaozhuang city, Secretary Jiang Chunyun inspected the flood-plagued areas, viewed the videotape of operation joined by local military personnel and residents in combating the flooding and rushing to deal with the emergency, heard the briefing given by the Zaozhuang city party committee on the disaster situation and the work of combating the disaster, and relayed the comfort message given by Jiang Zemin, general secretary of the CPC Central Committee and the president of the PRC, to the masses of the disaster-plagued areas. He also delivered an important speech to promote the work of combating the disaster and conducting disaster relief. Secretary Jiang Chunyun emphatically mentioned the following several points in his speech:

1. The flooding that occurred in our province is serious. The rainfall was concentrated in some areas and the acreage of inundated farmland is large. Many villages have been besieged by the flooding, and the flooding has caused very large losses. However, the work organized by our province is very positive and the command of the work is effective. Leading personnel at all levels have arrived at the forefront in a timely manner to look into the flood situation, to organize the disaster-relief work, and to play a good role in reducing losses. The provincial party committee and the provincial people's government have very satisfied with the work done by them.

2. In facing the serious disaster our party members, cadres, and the masses have shown very high consciousness and displayed a good mental attitude toward the situation. They have made all-out efforts to overcome the flooding and waterlogging. Party members and cadres have made active contributions to saving the state property and the lives and property of the people by rushing to deal with problems on the forefront, dashing ahead regardless of their safety, and rescuing others regardless of their own interests. The vast number of people have acted very well in the operation by taking

the whole situation into consideration when facing the difficulty and by actively plunging into the struggle of rushing to deal with the emergency. What is particularly worth mentioning is that the officers and soldiers of the People's Liberation Army [PLA] have rushed in a timely manner to the forefront of disaster relief and fully displayed the relations as fish and water between soldiers and the people.

3. These areas have scored initiative results in providing for and helping themselves by engaging in production and rescued the masses besieged by the flooding. They have also enabled these rescued masses to have food, water, housing, and medical care. The four points of the principle adopted by the Zaozhuang city party committee for conducting disaster relief, such as self reliance, arduous struggle, combating the disaster to provide for and help ourselves, and rebuilding our houses, are correct. In the next stage we should make persistent efforts to implement the measures in a down-to-earth manner and win a still greater victory in the struggle against the disaster so as to restore production as soon as possible, to reduce losses, to rebuild our houses, and to implement the important directives of General Secretary Jiang Zemin.

4. We should restore production as soon as possible by draining the water from waterlogged farmland and enhancing the field management of major autumn crops. We should have enterprises that have suspended their production restore their work as soon as possible. Areas that have not been plagued by the flooding should launch the campaign of increasing incomes from the increased output in autumn so as to make up the province's losses caused by the disaster with a bumper harvest. We should not shake our will in having per peasant income in the province show a 100 yuan increase and in having the province's total grain output surpass the quota of 80 billion jin. We should have the agricultural decreased output be compensated by the industrial increased output and have the decreased planting output be compensated by the increased output of sideline production. Efforts should be made to have peasants increase their income as much as possible.

5. We must deliver in a timely manner the disaster-relief materials given by the higher authorities as well as money, grains, and materials donated by fraternal units to the victims of disasters. Meanwhile, we should ensure the delivery of money and materials to every key plagued area.

6. We should summarize and commend in a timely manner the persons outstanding in combating the flooding and conducting disaster relief and encourage the spirit of taking the whole situation into consideration, sacrificing their own interests for the sake of others, fearing no arduousness and dangers, and boldly assuming heavy duties. We should also promote the construction of socialist spiritual civilization so as to prove that our party is full of fighting strength, that cadres at all levels are serving the people, that the broad

masses of party members are actually great fellows, and that the commanders and fighters of our PLA are ardently cherishing the people and are linked with the people spiritually.

Secretary Jiang Chunyun said in his speech: Those who have been inactive in combating the flooding should be criticized in line with the different conditions and some of them should be handled.

Secretary Jiang Chunyun said in his speech: We should learn all that causes for the inundation as well as reinforce the reservoirs and unclog the river courses in a timely manner. Efforts should be made to repair the damaged facilities of water conservancy work so as to upgrade the capability of combating disasters to a new level. All of this work should be done chiefly by relying on ourselves. All collapsed houses should be rebuilt intensively, and we should strive to have all disaster victims move into new houses during the new year days. If conditions permit, we should strive to have a number of disaster victims move into new houses before the national day.

After hearing the speech of Secretary Jiang Chunyun, Guo Zhenshan, secretary of the Zaozhuang city party committee, told the leading personnel of the provincial party committee and the provincial people's government that they can rest assured that the work of providing for and helping ourselves by engaging in production must be done satisfactorily in the next stage. He can ensure that the targets set in various tasks at the beginning of this year will be fulfilled.

Shandong Arrests Five for Tapping Oil Pipeline

SK1208081293 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 11 Aug 93

[Text] All five criminals, including (Yang Liangde), who caused large losses to the state by pilfering oil from the oil pipeline of Shengli Oilfield on 13 July, were arrested and brought to justice recently by the public security organs through their careful and secret investigations as well as their pursuit and capture.

At around 0600 on 13 July, the valve of the oil pipe in the section of Huaguan township in Guangrao County on the Shengli Oilfield's main pipeline that carries crude oil from Dongying city to Xindian was stealthily cut by the criminal elements. Almost 7,000 tonnes of crude oil spilled out and more than 60 mu of farmland were inundated by the spilled oil. The oil supply to the Qilu Petrochemical Corporation was suspended for 16.5 hours.

After hearing the case, the leading personnel of the central authorities and of the provincial party and government organs attached great importance to it. The administration bureau of Shengli Oilfield organized their personnel to rush to repair the pipeline and restored the oil supply at 2300 that night. The public security organs of Dongying city and Guangrao County

and the security departments of Shengli Oilfield organized their forces to rush to the scene to maintain the safety of the pipeline. They also assigned their capable personnel to crack down on the case. The Ministry of Public Security and the provincial public security department also dispatched their special personnel to the scene to conduct guidance. The investigation results have rapidly revealed that the case was committed by five peasants in the Zhangyang village of Huaguan township in Guangrao County. They fled in all directions after committing the crime. Criminal (Yang Linde) surrendered himself to the public security organ on 18 July in fear of the law. With the assistance of the Jiangsu provincial public security organs, criminals (Yang Liangde), (Yang Jianshe), (Yang Fangyuan), and (Yang Yuanliang) were successively arrested from 21 July to 8 August. The case is being further examined and handled.

Southwest Region

Report on Economic Developments in Tibet

OW1108074993 Beijing XINHUA in English 0737
GMT 11 Aug 93

[Text] Lhasa, August 11 (XINHUA)—Southwest China's Tibet Autonomous Region has brought the local economy onto the track of sustained and steady development.

Thanks to the efforts to the local government to restructure agricultural and animal husbandry, the mainstay of the local economy, agricultural production has been going on well, with the total areas sown to grain crops rising to 189,000 hectares and the areas sown to cash crops increasing by a big margin.

In animal husbandry, there were 5.7 million newborn livestock with a survival rate of 81 percent. The death rate of adult livestock has been kept at 3.35 percent.

Meanwhile, local governments have also improved and bred stud stock and have constructed several bases for livestock products.

During the past six months of this year, the total industrial volume of the region was 196 million yuan, up 7.1 percent over the same period of last year.

A balance between production and sales in major enterprises has been reached, with the average product sales rate reaching 83.5 percent.

Turnover from the social retail trade topped one billion yuan, increasing by 22.1 percent over the same period of last year, while the total from market trade has reached 390 million yuan, up 11.8 percent.

In the meantime, posts and telecommunications services have seen smooth development. About 51 county-level satellite ground stations have been built.

The three regions—Shannan, Ngari and Qamdo—have installed program-controlled telephone exchanges which

can dial both long- distance and local calls, and have entered the automatic long- distance exchange network in tibet.

The private sector in tibet has also developed rapidly. The number of private businesses has surpassed 41,000, increasing by 3.7 percent over the same period of last year, while the number of private enterprises has doubled last year's to forty-five.

Foreign trade and tourism have made new progress due to readjustment of management strategy, expanding of products exports and strengthening of relationships with inland economic and trade departments and enterprises.

So far there are 53 foreign-trade enterprises in tibet. The volume of imports and exports totalled 15.2 million U.S. dollars, growing by 20.73 percent over the same period of last year.

As a result of encouraging overseas businessmen and inland entrepreneurs to invest in Tibet, during the first half of this year about 30 overseas or inland-funded enterprises have been launched with a contracted investment of more than nine million U.S. dollars and 69 million yuan.

Meanwhile, the region has received 7,567 overseas tourists, an increased of 25.8 percent over the first six months of last year, and has earned 2.27 million U.S. dollars.

Investments in fixed assets, focusing on infrastructural construction, stand at 551 million yuan, up 37.5 percent.

Construction on some major projects has been going on smoothly, including work on the Yanghu lake power plant, the extension project on Gongge airport and Luobusa mine.

Other projects under construction include renovation projects for the Qinghai-Tibet and Sichuan-Tibet highways, Bangda airport and Zhalong power plant.

The financial income of the region has grown by 2.1 percent.

Total loans reach over three billion yuan, an increase of 74.5 percent, while the amount of bank savings has surpassed three billion yuan, up 3.5 percent.

Progress has also been made in education, public health, science and technology and sports.

Yunnan Sentences 28 Drug Traffickers To Death

*HK1208104093 Kunming YUNNAN RIBAO in Chinese
27 Jun 93 p 1*

[By reporters Zhang Fu (1728 4395), Luo Jie (5012 2638): "Twenty-Eight Drug Traffickers Executed in Yunnan"]

[Text] A Yunnan Province and Kunming city antinarcotic sentencing rally was held in the provincial gymnasium yesterday morning.

The sentencing rally was presided over by Kunming city Mayor Wang Tingchen.

Provincial and city party, government, and military leaders as well as leaders of the relevant departments, including He Zhiqiang [provincial governor], Zhao Shumin, Liang Jinquan, Bao Yongkang, Zhu Chengyou, Lang Dazhong, Yang Jianqiang, and Li Linge, attended the rally.

He Zhiqiang, deputy secretary of the provincial CPC committee and provincial governor, delivered a speech at the rally. He said: On the occasion of the sixth anniversary of International Antinarcotics Day, Yunnan Province and Kunming city are holding this antinarcotics sentencing rally to pass death sentences on a batch of drug offenders guilty of the most heinous crimes. This is another major action of the people's court in adhering to the principle of "doing two types of work simultaneously with equal attention," giving full play to its functions as a dictatorship organ and sternly cracking down on drug offenses, and is another important achievement of our province in fighting drugs. On behalf of the Yunnan Provincial CPC Committee, Yunnan provincial people's government, and the people of all nationalities in the province, I would like to express the firmest support for the antinarcotics sentencing rally! Also I would like to take this opportunity to extend heartfelt thanks and cordial greetings to the judicial and procuratorial officers and men all over the province who are fighting in the forefront of the antinarcotics campaign!

He Zhiqiang said: In recent years, under the leadership of the provincial committee and provincial government, party committees, governments, and judicial and procuratorial departments at all levels have been conscientiously implementing the "Decision on Narcotics Control" and "Regulations on Narcotics Control in Yunnan Province" formulated by the National People's Congress Standing Committee; adhering to the drug-fighting principle of "paying equal attention to three bannings, plugging the source and cutting off the flow, enforcing the law rigorously, and treating both the phenomenon and the cause"; acting in accordance with the requirement of "eliminating all drugs found, punishing whoever traffics in drugs, prosecuting whoever grows narcotic crops, and helping whoever takes drugs to give it up"; carrying out crackdowns, prevention, propaganda, and education simultaneously; extensively mobilizing the masses; carrying out the antinarcotics campaign in depth; and achieving successes that have caught worldwide attention. However, the international and complicated nature of the antinarcotics struggle determines that it is an arduous and protracted process. Under current circumstances in which sources of drugs abroad have been ever expanding and the infiltration of drugs into China is very serious, efforts in fighting drugs must not be relaxed in the slightest. As long as narcotics exist, narcotics control may never stop. It is necessary to take an active part in

international narcotics control and antinarcotics cooperation and, under the guidance of China's diplomatic principles and policies, communicate with the relevant countries and regions, handle cases jointly, and crack down on drug offenses together to push ahead with the international drug fight.

He Zhiqiang emphatically pointed out: Once again, I solemnly warn drug traffickers within and outside China that drug control is the consistent stance of our party and country. If, risking universal condemnation, you continue to recklessly engage in drug trafficking, you are doomed to the stern punishment of the law of our country!

The Chinese people have always detested drugs and have a glorious tradition in drug fighting. We are convinced that under the leadership of the party and government, with the vigorous support of the people of all nationalities, and through the concerted endeavor of China and all other countries around the world, narcotics are bound to be thoroughly eliminated.

At the sentencing rally, Qiu Chuangjiao, president of the Yunnan Provincial Higher People's Court, pronounced verdicts on 28 criminals involved in 17 cases. They were all sentenced to death according to law.

Qiu Chuangjiao said in his speech: This court reiterates that cracking down on drug offenses, protecting the mental and physical health of citizens, and safeguarding social order is the sacred responsibility vested in people's courts by the state. We sternly warn all drug offenders: Smuggling of, trafficking in, transportation of, and production of narcotics or carrying out other illegal drug-related activities is absolutely forbidden by the laws of our country and must be stopped immediately. Those who have committed crimes must immediately give themselves up, inform against their confederates, and turn over a new leaf to qualify for clemency. If they refuse to come to their senses and defy the law, they are bound to be sternly punished.

The sentences pronounced by the court president Qiu Chuangjiao were accorded warm support by those present at the rally.

Yesterday, local people's courts all over the province also held sentencing rallies in their respective localities, meting out stern punishment to drug offenders.

North Region

Beijing's Chen Xitong Inspects Fanzipai

SK1108095293 Beijing BEIJING RIBAO in Chinese
16 Jul 93 pp 1, 4

[Text] Yesterday, Chen Xitong, secretary of the municipal party committee, travelled to Fanzipai Township in the outlying mountainous area of Miyun County. It was his sixth trip to conduct research and study and to give work guidance there. He stressed: We must have new

ideas and carry out large-scale work to make the township in the mountainous area prosperous. It is necessary to walk out of the mountainous areas, build the mountainous areas, and while making full use of the mountain resources and making continued efforts to carry out forestry and animal husbandry production, vigorously develop secondary industry outside the mountainous areas and simultaneously develop the tertiary industry.

Fanzipai Township was one of the 37 poverty-stricken townships in the mountainous area in the outskirts of Beijing. In the summer of 1989 this township was hit by a mud-rock flow, creating serious economic losses as well as injuries and deaths. At the end of that year, 36 poverty-stricken townships attained the standard of shaking off poverty, except Fanzipai Township. It became the last poverty-stricken township in the outskirts of Beijing. In early 1990, Comrade Chen Xitong went there to help it shake off poverty and set forth the target of eliminating poverty within a year. At the end of that year, Chen Xitong travelled to Fanzipai Township again to congratulate it on its success in realizing the target of shaking off poverty.

Yesterday morning, rain was falling thick and fast on the northern mountainous area of Miyun. When stopping at the roadside not far from the government office of Fanzipai Township to look carefully at a tract of Chinese hawthorn trees on which fruits were growing in close clusters, he, the "old friend" of peasants, was immediately recognized. Wang Chunyue and Sun Zhaoman, peasants of Dapingtai Village who were working there, stepped forward to greet him and chatted enthusiastically with the secretary of the municipal party committee. Chen Xitong asked them in detail about the area, the contract method and the output of this tract of fruit trees and about how much they could earn from it. Wang Chunyue said with a smile: "I have contracted five mu of land and can earn a net income of more than 2,000 yuan. The contract will last for 15 years. I have a better life. The policies are really good." Chen Xitong said: A method is good as long as it can mobilize the enthusiasm of the masses, help develop the mountain economy, and raise the living standards of peasants. He also asked them whether they had any difficulties. The two peasants said: We fear hailstorms. Once hit by hailstones, we will waste our whole year's of efforts. We still cannot buy insurance, though we want to do so. Chen Xitong said: We should have insurance. It is necessary to develop insurance business in the mountainous areas. Peasants in the mountainous areas have asked for insurance on their own initiative. This shows that the concept of peasants in the deep mountain valley has also changed along with reform and opening up. It is really good. Wang Chunyue became more spirited as he heard the praises. He also said that he was worrying about the sales of Chinese hawthorns. Chen Xitong said: At present, a Chinese hawthorn processing plant with an annual processing capacity of 50,000 tonnes, has been competed and commissioned in Miyun. The output of Chinese hawthorns in Miyun County cannot meet the demands. So, it is not

necessary to worry about the sales, but the price must be reasonable. After that, Chen Xitong asked the township cadres: What will you do when flood comes? The township head replied: We have implemented the flood prevention work to avoid danger. The township authorities have also held drills on relocating the residents during the night, and have assigned special personnel to take care of old people and children. Chen Xitong warned them and said: We must not slacken our vigilance in antiflood work and must be held responsible to the people.

After that, Chen Xitong heard briefings at the township government office. Since 1990, this township has accelerated economic development and the masses have improved their living. In 1992, the average per-capita income of this township was 956 yuan, showing an increase of nearly 100 percent over 1989. The output of Chinese hawthorns of the whole township reached 510,000 kg, and is expected to reach 1.5 million kg this year. Particularly, this township established a small industrial area on the plain outside the mountain, and its output value of last year exceeded 10 million yuan, thus making this area become an economic pillar of the whole township. The educational level of the whole township has also greatly enhanced. The up-to-standard rate of primary and middle school graduates jumped from a backward position to the seventh place in the county. This year, this township has also put forward a new target for developing industry, raising the production level of fruits and improving the welfare of villagers.

Chen Xitong praised Fanzipai Township for improving itself and achieving a great progress every year. He pointed out: All cities and counties should help the outlying mountainous areas. But in a final analysis, the achievements come from internal factors. The progress of Fanzipai Township is resulted from the hard work and arduous struggle of the people throughout the township. He also praised Wang Ruiqing, a county cadre who worked in this township for many years and is still staying in this mountain township after retirement, for doing practical things for the people and said that the people would never forget him.

He said: The food and clothing issue of Fanzipai Township has been solved. However, it has still lagged far behind the demand of Comrade Deng Xiaoping on attaining the level of fairly prosperous by the end of this century. Fanzipai Township has a dense population but a small land with a very low output. And even when it did produce something, the value of the produce is low. It is necessary to emancipate the mind, change ideas, walk out of the mountainous areas and build the mountainous areas. The people should walk out of the mountainous areas, and the manpower and dangerous households should also do so. This will help develop secondary and tertiary industries and avoid the threat of mud-rock flow. In addition to walking out of the mountainous areas, it is also necessary to build the mountainous areas, make full use of the mountain resources and concentrate main attention on grasping furit industry and animal

husbandry. In developing the commodity economy, we must have quick information and develop products that meet the market needs within our capacity. We should actively develop secondary industry. Fanzipai Township's method of establishing a small industrial area on the plain is good. All cities and counties should support and help them.

Chen Xitong stressed: Failing to open themselves to the outside world, remaining in a close-up state, and having very little contacts with the outside world are the sources of backwardness in the mountainous areas. The population quality will decline if a locality fails to open itself to the outside and to raise the level of production and living. He also pointed out: The low cultural and educational level is an important factor of poverty. The mountainous areas must push their education forward. Fanzipai Township's method of linking its schools and medical centers with schools and hospitals in town is good. This method is better than to pay money. Once the culture and education are developed, the contacts with outside areas will be more frequent, information will keep pouring in, and economic development in the mountainous areas will be greatly accelerated. He called on the county party committee and government to pay attention to the building of township leading bodies in the mountainous areas and to relatively stabilize the number of principal cadres.

Beijing Secretary at Police Commendation Meeting

SK1108055593 Beijing BEIJING RIBAO in Chinese
 16 Jul 93 p 1

[Excerpts] On 14 July, the Beijing Municipal Reform-Through-Labor Bureau held a meeting to issue judicial administration medals of honor and to commend cadres and policemen who contributed to capturing escaped criminals. Chen Xitong, secretary of the municipal party committee; Mayor Li Qiyang; Xiao Yang, minister of justice; and other leaders attended and addressed the meeting. At the meeting, Chen Xitong presented judicial administration gold-star and silver-star medals of honor to 2,270 veteran comrades, including Liu Xiangjun, Yuan Ze, and Li Min, who have been working in the Beijing reform-through-labor organs for many years, and issued medals of citation to seven cadres and policemen who bravely and indomitably captured escaped criminals. [passage omitted]

Xiao Yang said: From Comrade Wang Xuewen and the other two comrades we can see that the capital's reform-through-labor and reform-through-education contingents are capable of passing the stiffest tests and undertaking formidable tasks. They are not only the examples for emulation by the reform-through-labor and reform-through-education departments of the capital but also by the reform-through-labor and reform-through-education departments of the whole country. [passage omitted]

Chen Xitong said: Displaying tremendous power in transforming criminals and helping them become new

persons, our reform-through-labor and reform-through-education policy has achieved great success. The work of those comrades on the reform-through-labor and reform-through education front is extremely great and meaningful. Without their work, criminals would run rampant and the people would suffer. He said: At present, reform-through-labor and reform-through-education front faces many difficulties, such as the shortage of funds. The municipal party committee and the municipal government will adopt positive measures for solving them. He wished veteran comrades on the reform-through-labor and reform-through-education front good health and a long life and hoped young comrades would learn from veteran comrades; promote the spirit of arduous struggle, selflessness and fearlessness; and make new contributions to the party and the people.

After the meeting, Chen Xitong and other leaders zealously took a group photo with the commended comrades and took photos with the seven cadres and policemen, including Wang Xuewen, who were commended for their contributions. Also attending the meeting were Wang Tong, Meng Xuenong, and other leaders.

Beijing Cadres Investigate, Solve Practical Problems

OW1108013993 Beijing XINHUA Domestic Service in Chinese 2124 GMT 6 Aug 93

[By reporters Xia Junsheng (1115 0193 3932) and Huang Wei (7806 1218)]

[Text] Beijing, 7 Aug (XINHUA)—Earnestly implementing the guidelines of Comrade Jiang Zemin's speech at a forum of directors of policy research offices from all provincial, autonomous regional, and municipal party committees, leading cadres at all levels in Beijing Municipality have identified the current, most pressing problems and gone deep into reality to conduct investigations and studies, thereby promoting the work in all fields.

Last April, the municipal party committee convened meetings of responsible people of all departments and commissions under the municipal party committee and government, and worked out arrangements for conducting investigations and studies in the municipality. Over 400 special topics for investigation and study were decided upon and special personnel were assigned to take charge of and complete investigations and studies within a time limit.

Since the publication of Comrade Jiang Zemin's speech at the forum, which energetically encouraged the practice of conducting investigations and studies in the party, Beijing has stepped up the effort at conducting investigations and studies. In late July, the municipal party committee's standing committee inspected and summarized the progress in investigations and studies carried out so far.

Chen Xitong, secretary of the municipal party committee, investigated and studied ways to accelerate the economic development in Beijing's suburban hilly areas; and, after going deep into Miyun County and Tougou District, suggested that units and individuals from both outside and inside the county, district, and country be allowed to invest in developing the hilly areas. Mayor Li Qiyuan and Executive Vice Mayor Wang Baosen investigated and studied the First Light Industry Department, and affirmed its industrial restructuring strategy. In accordance with the strategy, enterprises running in the red or making marginal profits but located in busy sections in the city proper were moved to rural Sihuan Road, while factory buildings and land vacated by these enterprises are used to develop the housing, real estate, and other tertiary industries.

Chairman Zheng Yijun and other leading cadres of the municipal works committee, after conducting an in-depth and comprehensive investigation of the municipality's roads, transportation, water and heat supplies, natural gas, and other infrastructure components, realized that tens of billions of yuan will be needed to build various municipal infrastructural facilities in the eight years preceding 2000, or an average of more than 10 billion yuan for each year. It will be difficult to rely on state finances alone to accomplish such a gigantic task. After studies and analyses, the leading cadres suggested that instead of the government taking full responsibility for investment in the municipal infrastructural works, they be built mainly by enterprises using foreign investment for commercial development. In other words, on the basis of special characteristics of each infrastructural project, preferential policies will be adopted to induce foreign investments through various channels. This suggestion, which is affirmed by the municipal party committee and government, has already attracted the attention of investors abroad. The relevant departments are negotiating with foreign businessmen.

Investigations and studies conducted by leading cadres in Beijing are characterized by their efforts to solve problems in the course of investigations and studies to promote practical work in all fields. Previously, the 11 second-level government-affiliated companies under the Xuanwu District Commercial Department collected some 13 million yuan in managerial fees from enterprises annually. After enterprises complained that these companies were "exercising too much management but providing little service" and they were increasing burdens on enterprises, Jin Songling, secretary of the district party committee, investigated and studied measures for reforming the second-level government-affiliated companies. He later submitted a reform program calling for "simplifying government administration by delegating powers to lower levels and transforming companies into economic entities." After discussion and approval by the district party committee and government, the reform program is now in force.

Hebei Cities Elect New Party Secretaries, Deputies

SK1208080893 Shijiazhuang HEBEI RIBAO in Chinese 10 Jul 93 p 1

[Text] After merging cities with prefectures, Shijiazhuang, Handan, Zhangjiakou, Chengde, Cangzhou, and Xingtai cities have elected their new leading bodies. Principal leaders of party committees of these six cities are as follows:

Zhao Jinduo [6392 6855 6995] is secretary of the Shijiazhuang city party committee, and Shen Zhifeng [3088 1807 1496], Bai Runzhang [4101 3387 3864], Wang Changmin [3769 7022 2404], Zhen Shusheng [3914 2885 5116], Peng Zaoling [1756 6644 1545], and Bai Qilin [4101 6386 2651] are deputy secretaries of the Shijiazhuang city party committee.

Wu Yedu [0720 6851 3256] is secretary of the Handan city party committee, and Tang Ruoxin [0781 5387 2500], Zhu Zhiwu [2612 1807 2976], Ma Changhe [7456 7022 0735], Dong Qiang [5516 1730], and Wu Guangtian [0702 0342 3944] are deputy secretaries of the Handan city party committee.

Liu Jiansheng [0491 0256 3932] is secretary of the Zhangjiakou city party committee, and Wang Quan [3769 2938], Yang Deqing [2799 1795 1987], Yang Xinnong [2799 2450 6593], Yu Zhenhua [0060 2182 5478], and Zhang Baohua [1728 1405 5478] are deputy secretaries of the Zhangjiakou city party committee.

Li Yuehui [2621 2588 6540] is secretary of the Chengde city party committee, and Liu Gaoquan [2692 1405 0356], Fu Guiwu [0265 6311 2976], Fan Wenbin [5400 2429 2430], and Zhou Jinsheng [0719 6855 3932] are deputy secretaries of the Chengde party committee.

Wu Zhenhua [0702 2182 5478] is secretary of the Cangzhou city party committee, and Wang Jialin [3769 0502 2651], Li Ruichang [2621 3843 2490], Feng Jinsheng [7458 6855 5116], Sun Ruirong [1327 3848 2837], and Tong Lianxiang [0104 6647 7449] are deputy secretaries of the Cangzhou city party committee.

Zhang Chunfu [1728 2504 1381] is secretary of the Xingtai city party committee, and Zou Benzheng [6760 2609 4167], Lian Zhenjing [6647 2182 4842], Xiao Fenglai [5618 7685 0171], Ren Yanting [0117 1693 1694], and Liu Yujin [0491 3768 0093] are deputy secretaries of the Xingtai city party committee.

Tianjin's Gao Dezhan Briefs Central Investigation Group

SK1108094493 Tianjin TIANJIN RIBAO in Chinese 17 Jul 93 p 1

[Excerpts] In line with the decision of the party Central Committee and the State Council, the central authorities have sent 10 investigation groups to 20 provinces, autonomous regions and municipalities to supervise and

inspect various localities to see how they implement the measures of the party Central Committee and the State Council on strengthening macroeconomic regulation and control and on successfully carrying out the current economic work. The central investigation group, a total of nine persons, arrived in the municipality on the afternoon of 15 July and heard briefings given by the municipal party committee and the municipal government on the morning of 16 July.

Gao Dezhan, secretary of the municipal party committee, and Mayor Zhang Lichang gave briefings to the central investigation group, during which they said: The municipal party committee and the municipal government have resolutely supported the major policy decision of the party Central Committee and the State Council on strengthening macroeconomic regulation and control and on successfully carrying out the current economic work, conscientiously organized the relay and study of this decision, and adopted effective measures to implement it. Judging from the general situation, Tianjin's economic situation is good and its economic performance is sound and normal. In accordance with the important speech of Comrade Deng Xiaoping and the guidelines of the 14th party congress, the municipal party congress and the municipal people's congress have defined the plans and tasks for seizing the opportunity and accelerating development. During their work, the municipal party committee and the municipal government have repeatedly stressed that there are connotations in three aspects in emancipating the mind, seeking truth from facts and accelerating development: First, we should increase the overall economic balance; second, we should accelerate development on the basis of raising quality, optimizing structure, and increasing economic efficiency; and third, we should accelerate development with a focus on raising economic efficiency. They also said: In addition to paying attention to the overall economic balance, we should also raise the overall economic quality and reform the economic operational mechanism; we should expand the degree of reform and opening up, change mechanism through deepening reform, and solve the in-depth economic problems. Proceeding from these demands, the municipal party committee and the municipal government have organized the strength of various sectors to pay close attention to ending deficits, increasing profits, and raising economic efficiency; to further change government functions; to delegate powers to the lower levels; and to adopt measures for expanding the degree of opening up to all directions and for accelerating the pace of using foreign capital, and have achieved initial results in these aspects. Judging from the results of economic performance of the first half of the year, the economy increased sustainably and steadily; economic efficiency began to pick up; the deficit range of enterprises declined; local financial revenues increased; the structure of investment in fixed assets was optimized; the pace of using foreign capital accelerated; the banking situation was basically stable; and the market was stable and the income of residents increased.

During briefings, the municipal party committee and the municipal government pointed out: Some difficulties and problems will exist in the course of accelerating development. In this regard, we must be clear-headed, resolutely act in line with the demands of the party Central Committee and the State Council, proceed from Tianjin's reality, and implement all measures for strengthening macroeconomic regulation and control. With regard to the existing problems, we must adopt a resolute attitude and solve them conscientiously; regarding some problems which show symptoms of a new development and problems which we must prevent, we should also adopt effective measures and treat them conscientiously. [passage omitted]

Wang Xudong, Li Jianguo and Li Shenglin, deputy secretaries of the municipal party committee, and responsible persons of the municipal departments concerned attended the meeting.

The central investigation group also listened to briefings given by various relevant departments and conducted research and study activities in relevant districts, counties and enterprises.

Tianjin Secretary Stresses Importance of Technology

SK1208075593 *Tianjin People's Radio in Mandarin*
2300 GMT 11 Aug 93

[Text] While making investigations at the municipal science and technology commission on 11 August, Gao Dezhan, secretary of the municipal party committee, stressed: To seize the opportunity to accelerate development, we must fully understand the great significance and role of science and technology.

On the morning of 11 August, leading comrades Gao Dezhan, Li Huifen, and Zheng Zhiying visited the municipal science and technology commission. After hearing the report on the situation of the municipal science and technology commission, the municipal science and technology association, and some scientific research institutes, Gao Dezhan said: The scientific data provided by the municipality are of great strategic significance and [words indistinct]. At present, we should accelerate the pace of invigorating the municipality through scientific and technological means, including invigorating industry, commerce, and agriculture through scientific and technological means. We should continuously deepen the understanding of the importance of science and technology along with the development of the economy. Now, it is an urgent task of the municipality to halt deficit, increase profit, and improve efficiency. We should truly understand that to achieve success in our work, we must depend on science and technology to solve problems, vigorously build new growing point of science and technology, and vigorously develop new and high technology industries.

Gao Dezhan pointed out: The fundamental way to develop science and technology lies in reform and

opening up. We should concentrate our attention on mobilizing the initiative of scientific and technological personnel and of scientific research institutes. We should promote the combination of science and technology with the economy by deepening reform. A few days ago, the municipal party committee and the municipal government set forth the demand of further perfecting [words indistinct]. We should rapidly translate scientific and technological achievements into productive forces, carry out the projects whose application results are proven to be good, promote the [words indistinct] work of enterprises and institutions, carry out the mechanism of linking the scientific research expenses with scientific and technological research results, and continue to implement the circular of the central authorities on revitalizing scientific research institutes and popularizing scientific and technological research results of various institutions of higher learning.

During the conversation, Comrade Gao Dezhan fully affirmed the work done by the scientific and technological circles of the municipality. He said: There are some 170 independent scientific research institutes and centers in Tianjin. Adding the scientific and technological forces of institutions of higher learning, science and technology is actually a great advantage of Tianjin, where lies the hope of invigorating Tianjin. He expressed hope that the 30,000 scientific and technological personnel in the municipality would carry forward the fine tradition and push scientific and technological work to a new level.

Tianjin Higher People's Court Work Report

SK1208083993 *Tianjin TIANJIN RIBAO in Chinese*
14 Jul 93 p 6

[Report on the work of the Tianjin Municipal Higher People's Court given by Wang Yongchen, president of the Tianjin Municipal Higher People's Court, at the first session of the 12th Tianjin Municipal People's Congress on 16 June]

[Excerpts] Fellow deputies:

During the 11th Tianjin Municipal People's Congress, the people's courts at all levels in our municipality armed the cadres and policemen with the theory on building socialism with Chinese characteristics, upheld the party's basic line, and conscientiously exercised the duties and responsibilities vested by the Constitution and law. In close connection with the central task of economic construction, they unceasingly emancipated the mind, enhanced the sense of service, comprehensively strengthened all sorts of judicial work, further raised the law-enforcement level, and achieved new success in judicial work.

During the past five years, the people's courts at all levels across the municipality accepted and heard 173,385 criminal, civil, economic and administrative cases of the first and second instance, an increase of 67.78 percent over the previous five years; completed handling 17,196

cases, up 39.57 percent over the previous five years; and handled 276,984 cases on people's complaints, appeals, letters and visits. Through the trials, the people's courts played an active role in maintaining our municipality's social stability and safeguarding the legal rights and interests of citizens, the legal persons and other organizations, and promoted reform, opening up, and economic development.

1. On work concerning criminal trials.

The people's courts at all levels across the municipality accepted and heard 24,080 criminal cases, an increase of 21.35 percent over the previous five years, and completed handling 24,037 cases, an increase of 22.26 percent over the previous five years. Among the 25,689 criminals whose verdicts came into legal effect, 27.78 percent of whom were sentenced to more than five years of imprisonment, life imprisonment or capital punishment (including capital punishment with a temporary suspension of the execution); 68.58 percent of whom were sentenced to less than five years of imprisonment, held in detention, put under surveillance, and on probation; 2.26 percent of whom were exempted from criminal sanction; and 1.38 percent of whom were announced not guilty. [passage omitted]

In view of the prominent public security problems in different periods, we promptly conducted special trials. We closely cooperated with relevant departments to actively struggle against theft, accepted and heard 9,479 theft cases in line with law, punished 18,438 criminals, and resolutely sentenced to death those criminals whose crimes were particularly serious. We completed handling 196 cases on inducing and housing women to engage in prostitution, on manufacturing, selling and spreading obscene articles, on gambling, on human abductions and sales and on drug trafficking, and deeply carried out the struggle against pornography and "six vices." [passage omitted]

We deeply carried out struggle against serious economic offenses and safeguarded economic order, continued to uphold the principle of strictly punishing criminals in line with law, and strictly punished a number of serious economic criminals. Some 6,170 economic criminal cases of the first instance were accepted and heard, an increase of 34.6 percent over the previous five years; and 6,148 cases were completed, up 30.37 percent over the previous five years.

We persisted in launching struggle against serious economic offenses as a direct means for promoting administrative honesty and serving economic construction and gave prominence to dealing blows to criminals who were state functionaries guilty of serious corruption and bribe-taking. We sentenced 1,339 criminals guilty of corruption and bribe-taking, accounting for 18.59 percent of the total number of economic criminals, and sentenced 643 criminals whose illegal gains exceeded 10,000 yuan and 48 criminals whose illegal gains exceeded 100,000 yuan. [passage omitted]

2. On economic judicial work.

The people's courts at all levels across the municipality handled 21,868 cases on economic disputes of the first instance, an increase of 148.9 percent over the previous five years; and completed handling 21,549 cases, an increase of 172.8 percent over the previous five years; the lawsuits involved a sum of 1,421,287,000 million yuan, an increase of 359.2 percent over the previous five years. [passage omitted]

3. On trials of civil cases.

The people's courts at all levels across the municipality upheld the purpose of serving the people, comprehensively implemented the "general principles of civil code," the "civil procedural law," and some other civil laws and regulations, and correctly and promptly handled relations of civil cases of various descriptions in line with law. We accepted and heard 107,405 civil cases of the first instance, an increase of 66.22 percent over the previous five years; and completed handling 106,515 cases, an increase 68.57 percent over the previous five years.

We tried matrimonial and family cases. We conscientiously implemented the "marriage law" and the "regulations on protecting the legal rights and interests of women and children" and the "regulations on safeguarding the legal rights and interests of old people" adopted by the municipal people's congress standing committee and other laws and regulations, accepted and heard 62,561 matrimonial and family cases, and succeeded in safeguarding the legal rights and interests of women, children and old people, promoting socialist morality and stabilizing marriage and family relations.

We conscientiously tried cases on real estate, debts, encroachment on people's rights, and compensation. We tried 10,830 housing cases of the first instance, 11,903 debt cases, and 11,581 cases on encroachment on people's rights and compensation, protected business invitation activities in line with law, promoted development of real estate, developed urban construction, safeguarded legal debt relations, punished law-breaking acts, promptly calmed down the opposition feelings of the persons concerned, and safeguarded social stability.

4. On trials of administrative cases.

The people's courts at all levels across the municipality gave full play to their functions in administrative trials, actively and prudently carried out trials of administrative cases, accepted and heard 659 administrative cases of the first instance and completed 630 cases. [passage omitted]

5. On complaints, appeals, trials and supervision work.

In order to guarantee the right of entering lawsuits of the persons concerned and make things convenient for entering lawsuits, the people's courts at all levels across the municipality generally implemented the "double-track system of filing cases for investigation and prosecution," which integrated the efforts of the people's

courts with that of the people, filed all cases that met the requirements of filing cases for investigation, and did good ideological work when the cases did not meet the requirements. We strengthened mediation work before filing a case for investigation, settled disputes in a timely manner, and prevented the intensification of contradictions. [passage omitted]

We unceasingly broadened the supervision channels and improved the internal and external supervision mechanism. We conscientiously tried cases of the second instance and gave full play to the role of a higher-level people's court in supervising and guiding the lower-level courts through the procedure of handling cases of the second instance. The municipal higher and intermediate people's courts accepted and heard 19,373 cases of the second instance, 23.54 percent of which were allowed to change the original sentences or to retry. [passage omitted]

6. On the execution of decisions of the cases.

The people's courts at all levels across the municipality accepted and executed the decisions of 25,334 cases, of which 16,049 were civil case decisions and 7,913 were economic case decisions, and completed executing the decisions of 23,885 cases. [passage omitted]

7. On the self-development of courts.

We strengthened ideological construction, persisted in attaching prime importance to political and ideological education, conducted education on the theory of building socialism with Chinese characteristics among all cadres and policemen, and resolutely implemented the party's line, principles and policies. [passage omitted]

Tianjin Port's Sundry Goods Wharf Passes Inspection

SK1208015393 Tianjin TIANJIN RIBAO in Chinese
17 Jul 93 p 1

[Text] The first sundry goods wharf on the northern side of the eastern pier of Tianjin Port, a key state project built by the No. 1 company of the No. 1 municipal navigation bureau, passed the acceptance test yesterday.

This wharf has two berths for delivering iron and steel and four berths for sundry goods with a total length of 823 meters. The completion of the 200-meter-long sundry goods wharf construction project yesterday follows the completion and successful inspection of the 400-meter-long wharf project for iron and steel delivery. The remaining three wharf projects for sundry goods are expected to be completed this year.

Northwest Region

Xinjiang Cuts Burden of Peasants, Herdsmen

OW1108111793 Urumqi XINJIANG RIBAO in Chinese
25 Jul 93 p 2

["The Autonomous Regional People's Congress Standing Committee's Resolution on Reducing the Burdens of Peasants and Herdsmen (Adopted by the Third Session of the Eighth Autonomous Regional People's Congress Standing Committee on 11 July 1993)"]

[Text] The Third Session of the Eighth Autonomous Regional People's Congress Standing Committee heard and deliberated an autonomous regional people's government report on the "Work on Reducing the Burdens of Peasants and Herdsmen." The meeting held: The report's estimation on the burdens of Xinjiang's peasants and herdsmen and its analyses on the reasons for their excessive burdens are realistic. Its proposed resolving measures are feasible. The meeting pointed out: Since the publication and implementation of the State Council's "Regulations Governing Fees and Labor Service Borne by Peasants" (hereinafter referred to as the "Regulations"), and particularly since the issuance of the "Urgent Circular on Realistically Reducing Peasants' Burdens" (hereinafter referred to as the "Urgent Circular") by the CPC Central Committee General Office and State Council General Office, autonomous regional people's governments at various levels have done a lot of work, and have achieved some accomplishments. However, if viewed from an overall angle, the work has not yet been done thoroughly. Quite a number of localities and departments have inadequate understandings of the importance and urgency of the work on reducing the burdens of peasants and herdsmen, have not been totally committed, and have not taken effective measures in this regard. Indiscriminate fee collection, fines, fund gathering, and various arbitrary apportionments in rural and pastoral areas are yet to be effectively stopped. The problem of excessive burdens of peasants and herdsmen is yet to be realistically resolved. If such a problem is allowed to develop unchecked, it will definitely seriously hurt the interests of peasants and herdsmen, will dampen their enthusiasm, will obstruct development of agricultural production and animal husbandry, and will endanger the stability in the rural areas and even the whole society. Therefore, autonomous regional people's governments at various levels must pay close attention in this regard, be firmly determined, take resolute measures, and firmly reduce the excessive burdens of peasants and herdsmen.

1. We should fully understand the great significance of the work on reducing the burdens of peasants and herdsmen. Reducing the burdens of peasants and herdsmen is not simply an economic issue, it is also a political issue. Doing a good job in this regard has a very great significance in protecting and enhancing the enthusiasm of peasants and herdsmen, in boosting the development of the agricultural sector and rural economy, in

fostering the blood and flesh relations between the party and government on one hand and the masses of people on another, and in improving the relations between the party and the masses and between the cadres and the masses. People's governments and leading cadres at various levels must earnestly and properly study the Agriculture Law, the "Regulations," and the "Urgent Circular;" understand their guidelines; unify the minds; and conscientiously adhere to the requirements of the CPC Central Committee and State Council and the stipulations of relevant laws and regulations so as to do a good job in reducing the burdens of peasants and herdsmen. The work should be done in a down-to-earth way at every level, with each level supervising its immediate next level, so as to achieve good results.

2. It is necessary to extensively publicize and conscientiously implement the laws, regulations, and policies on reducing the burdens on peasants and herdsmen. People's governments at all levels should organize forces and adopt various means to energetically publicize the Agricultural Law, the "Regulations," and the "Urgent Circular" so that the main points of the laws and regulations and the party Central Committee and the State Council's policies and measures on reducing peasants' burdens can be known to every individual and household in the farming and pastoral areas, and that ordinary peasants and herdsmen can learn to use the legal weapon to protect their lawful interests and rights. It is necessary to implement to the letter the State Council's measures on abolishing quota fulfilling promotion activities, fund raising and retention, and fee collection; and on rectifying erroneous ways of collecting fees. It is necessary to comply with the State Council's demand in thoroughly screening documents drafted by various regional governments and departments and involving peasants' and herdsmen's burdens, revising and annulling those as deemed necessary until all malpractices are rectified. From now on, no department has the authority to issue documents involving peasants' and herdsmen's burdens. Fees collected from peasants, herdsmen, or organizations of agricultural producers and dealers by any office must be based on the provisions of the laws, regulations, decrees of departments authorized by the State Council, or the autonomous regional people's governments' rules and regulations. A fine or penalty on peasants, herdsmen, or organizations of agricultural producers and dealers must be based on the provisions of laws and regulations. No organization or unit can collect money from peasants, herdsmen, or organizations of agricultural producers and dealers in the name of fund raising. Peasants, herdsmen, and organizations of agricultural producers and dealers have the right to reject any fund-raising activity that is not based on the laws, regulations, or administrative statutes.

3. It is necessary to properly handle the relationship between reducing peasants' and herdsmen's burdens and economic construction. People's governments at various levels must correctly assess the material wealth of peasants and herdsmen, and proceed from the realities in

farming and pastoral areas in pondering over issues, deciding on policies, and solving problems. In carrying out rural construction and running public welfare undertakings, it is necessary to be realistic and take into account their financial strains on peasants and herdsmen. The burden of undertakings that are to be run by the state should not be shifted to peasants and herdsmen. In setting up undertakings to be run by peasants and herdsmen, it is necessary to take their financial capability into consideration. All trades and professions should not cheat peasants and herdsmen for the purpose of seeking selfish interests of each trade or profession. It is necessary to ensure that state subsidies, loans, reserve funds, special investment funds, relief funds and materials, and refunds of exempted or reduced tax payments are delivered to appropriate households, and that no local government or department should be allowed to retain or divert such funds and materials to other use. It is necessary to adopt active measures to gradually reduce the price disparity between manufactured goods and farm products. The autonomous regional government should decide on the minimum protective price of grain and the price ceiling of agricultural production means as soon as possible. It is necessary to strengthen the management of markets of agricultural production means and to crack down on illegal activities of manufacturing and marketing shoddy goods. In procuring farm and subsidiary products, it is necessary to strictly forbid the practices of holding down prices and grades, cheating on the weight, and issuing IOU's. It is necessary to make a determined effort to restructure systems and adopt policies to solve the problem of drastic hikes in water and electricity bills. Water for agricultural use should be billed strictly according to the autonomous regional government's rules and regulations and to the actual volume of water used, while bills should not be increased at each level. Electricity for agricultural use should be billed strictly according to the preferential prices stipulated by the autonomous regional government. It is necessary to rectify unhealthy practices in various trades and professions earnestly and resolutely.

4. It is necessary to improve the management of fees and labor service born by peasants and herdsmen. The reduction of peasants' and herdsmen's burdens is a task involving all trades and professions and various quarters. Departments in charge of supervising and managing peasants' and herdsmen's burdens at all levels should earnestly perform duties and step up law enforcement by administration. The accounting, pricing, auditing, and supervisory departments should go all out to support and coordinate with this endeavor. In upholding the management system of fixed fees and quotas, it is necessary to ensure that village fund retention and township overall planning fees are kept under the ceilings, and that voluntary labor and labor accumulation are strictly under control. Except for flood or other emergency situations, voluntary labor and labor accumulation should not be increased without authorization and, still more, should not be

indiscriminately transferred to other use or forcibly replaced with cash payment. It is necessary to improve the management system, step up internal auditing, and accept the supervision of the masses by regularly releasing to the public the amount of village retention funds, township overall planning fees, voluntary labor, and labor accumulation retained and used.

5. It is necessary to vigorously develop the rural economy and increase the income of peasants and herdsmen. It is necessary to further implement the rural policies, focusing mainly on the household contract responsibility system that links output to remuneration. The right of peasants and herdsmen to contract land and to use grassland should remain unchanged for a long time. Erroneous practices of willfully alternating contracts should be resolutely checked and rectified. It is necessary to continue to deepen the rural reform and actively readjust production structure according to market demands. On the condition of a steady growth of grain output, it is necessary to actively develop diversified management, broaden the source of revenues, and increase the income of peasants and herdsmen. It is also necessary to energetically develop second and tertiary industries, actively assist individual and private economic sectors, and continually strengthen the collective economy.

6. People's congresses at all levels and their standing committees should step up supervision over the work of reducing peasants' and herdsmen's burdens, which should be the focus of attention of people's congresses and their standing committees at the present and for some time to come in the future. They should conduct inspections, investigations, law enforcement checks, and democratic evaluations in good time. They should regularly hear and examine work reports of the people's governments, and should instruct them to promptly

address criticisms related to burdens of peasants and herdsmen. State functionaries, who fail to strictly enforce orders and prohibitions, who show no concern for hardships of the masses, or who commit serious dereliction of duties, should be questioned, dismissed, or recalled according to the law as deemed necessary. It is necessary to seriously handle petitions and lawsuits filed by peasants and herdsmen, and urge the courts, procurators, and supervisory departments to investigate cases of undermining the interests of peasants and herdsmen. Whoever is found to have broken the law should be punished. People's deputies at all levels, especially those from the farming and pastoral areas, should bring their role into full play and take the initiative to reduce peasants' and herdsmen's burden so as to facilitate faster and better growth in the rural economy.

Xinjiang's Tomur Dawamat Back From Central Asia

OW1208044593 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 9 Aug 93

[From the "Xinjiang News" program]

[Text] A National People's Congress [NPC] delegation—with Tomur Dawamat, vice chairman of the NPC Standing Committee and chairman of the Xinjiang Uygur Autonomous Region, as the head and Meng Liankun, chairman of the NPC Internal and Judicial Affairs Committee, as the deputy head—returned to Urumqi this afternoon, after successfully concluding a visit to five Central Asian nations.

Officials from the relevant regional departments Jin Yunhui, Xie Fuping, (Miji Tienasier), Yibulayin Rouzi, and (Maimaiti Simayi) greeted the delegation at the airport. [video shows shots of Tomur and other members deplaning and shaking hands with people]

Daily Questions Island's Retention of Hijackers*HK1208043093 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Aug 93 p 1*

[Article by He Nanren (0149 0589 0088): "What Is the Taiwan Authorities' Intention in Refusing Time and Again To Repatriate Hijackers?"]

[Text] On 10 August, another scoundrel hijacked a Civil Aviation Administration of China [CAAC] passenger plane to Taiwan. The plane flew back to Xiamen on the same day with all the passengers on board, while the hijacker was kept by the Taiwan authorities.

From 1982 until today, many CAAC passenger planes have been hijacked to Taiwan, and the number of domestic and foreign passengers involved in these hijackings has well exceeded 1,000. People will ask: China has many neighboring countries. Instead of flying to these neighboring countries, why did all the planes hijacked within Chinese territory fly to China's Taiwan? Does it mean that Taiwan has already been generally recognized as a "safe island" by hijackers? It seems to me that such a conclusion is not an overexaggeration. Ten years ago, the arrival of hijacker Zhuo Changren and others in Taiwan on 5 May 1983 created quite a stir, and certain people on the island were truly overjoyed for some time. They conferred the title of "Anti-Communist Warrior of Virtue and Justice" on Zhuo Changren, called meetings to welcome him, and gave him a handsome award. It is a pity that Zhuo Changren had neither virtue nor justice. He refused to change his evil character in Taiwan and was later found guilty of murder. Only then did these certain people in Taiwan cool down a little. Facing the entire international community's condemnation and denouncement of hijackers, the Taiwan authorities stopped holding welcome meetings or giving awards to people who hijacked planes to Taiwan. Nevertheless, the Taiwan authorities still refuse to repatriate hijackers in accordance with the relevant international laws. Even when they are presented with clear evidence that the hijackers are wanted criminals on the mainland, the Taiwan authorities continue to make unconvincing assertions that they have detained the hijackers and put them in prison. There is no doubt that these hijackers are criminals, but the Taiwan authorities have let the matter drag on for a long period of time, refusing to repatriate them or sentence them to prison. What on earth are they up to? If this situation is allowed to continue, hijackers will undoubtedly consider Taiwan Island as their only way out.

We wonder whether the Taiwan authorities have ever considered the possibility that, if they continue their current policy, hijackers from other Asian countries or even from all over the world will "come to Taiwan out of admiration." If this really turns out to be the case, what will happen to Taiwan's reputation and image?

It is a very simple truth, and the rights and wrongs are clear to the public eye. Taiwan's mass media and people from other social strata should come out in favor of upholding justice and should leave no way out for criminals guilty of hijacking.

'Roundup' Discusses New KMT Alliance*OW1208085393 Beijing XINHUA Domestic Service in Chinese 0816 GMT 11 Aug 93*

["Roundup" by reporter Fan Liqing (5400 7787 7230): "The New Alliance Forms a New Party; Kuomintang Heads for a Formal Split"—Beijing XINHUA Domestic Service in Chinese at 1524 GMT on 11 August transmits a service message requesting that the following item be embargoed]

[Text] Beijing, 11 Aug (XINHUA)— Factional strife within the Kuomintang [KMT] has heightened with the approach of the opening of its 14th national congress. Some "legislators" belonging to the "New KMT Alliance" faction, which is outside of political power, declared on 10 August that they were leaving the Chinese KMT and forming a "new party." Taiwan media termed the move "an earthquake of considerable magnitude that has hit the Taiwan political scene."

When the New KMT Alliance (also referred to as the "New Alliance" on the island) was formed on 25 August 1989, its founders, including Zhao Shaokang [Jaw Shau-kong], Li Shengfeng [Li Sheng-feng], Yu Muming [Yok Mu-ming], Chen Kuisen [Chen Kui-sen], Zhou Quan [Chou Chuan], and Wang Taofu [Wang Tao-fu] stated its purpose as "opposition to the illicit link between money and politics." They called on the KMT to practise inner party democracy, uphold views on the reunification of China, and thoroughly revamp politics. In wave after wave of political struggle—which was characterized by "divergent political views," "contradictions between Taiwanese and mainlanders," and "power distribution," and which has been raging over the last several years in Taiwan's high-level political hierarchy—the "New Alliance" members supported two former "premiers" Li Huan [Li Huan] and Hao Bocun [Hao Po-tsun], and others, and formed the backbone of the so-called "Non Mainstream Faction," namely the faction that is outside of political power. As chief initiators of the "New Alliance" like Li Shengfeng and others were not nominated by the KMT Central Committee as candidates for the second term of "Legislator" elections, they considered it an intentional snub. Senior members like Zhao Shaokang, Yu Muming, Zhou Quan, and others then "entered the elections without KMT endorsement" and most of them got elected through adopting "anti-special privileges" and "anti-money politics" election slogans. Later, members of the "New Alliance" were also involved in the aborted attempt to support Hao Bocun's continued presence as "premier."

According to Taiwan press reports most of the "New Alliance" members are political activists of the second-generation "mainlanders" within the KMT. At a time when the KMT faction that is in power is accelerating promotion of its "localization" policy and old-time mainlanders in the KMT are losing the power struggle; and when promoters of "Taiwan Independence" are carrying out their activities more openly and are running rampant on the island, doubts

about the domestic and foreign policies formulated by the KMT Central Committee members in power have arisen among political figures who were born and raised on Taiwan, and a strong sense of crisis has developed among them. In preparation for the convening of the "14th national congress," disputes erupted between the KMT faction that is outside of power and the KMT Central Committee in power over such issues as the quota for "delegates who are automatically entitled to attend the party congress," the creation of the post of party vice chairman, and others. As the contradictions deepened, members of the "New Alliance" concluded: "It would be better to leave the party, make a direct appeal to the people, and put up a fight, rather than to sit and do nothing, and die a natural death in the party." This finally led to the "defection" and formation of a new party.

The "new party" described itself in its founding declaration as: "spokesman for small people." It blamed the KMT for "its inability to undergo soul searching for its failures, for corruption, and for engaging in money politics." It accused the Democratic Progressive Party [DPP] of being "irresponsible, of sowing the seeds of hatred, and of engaging in creating discord between mainlanders and Taiwan people." It concluded that Taiwan "is sick," that "society is in chaos," and that "small people are suffering." Therefore, it advanced such political proposals as "making the Republic of China strong" and prided itself on demanding "equality" (for all ethnic groups), for being "practical" (about

cross-strait relations), and for being "clean" (against the KMT's "money and power.")

Various circles in Taiwan have commented on the defection of the "New Alliance" from the KMT and on the formation of the new party. Some are of the view that the formation is "absolutely bad news for the KMT and is like an earthquake of considerable magnitude." Others hold that the defection of the "New Alliance," a minor KMT faction, presents few problems. They say that the defection will fulfill the prophecy of KMT Chairman Li Denghui [Li Teng-hui] who prior to the opening of the "14th national congress" said: "There will be no more discordant voices in the party following the 14th national congress." As for "room for development" in the new party after its establishment, some on the island hold the view that as the majority of people on Taiwan are neither satisfied with the rule of the KMT nor with the DPP's stand on "Taiwan independence"; they long for the emergence of a political force that can change the KMT's corrupt rule, as well as check the force within the DPP that calls for the "independence of Taiwan." They also say that the new party might grow outside of the KMT and DPP because some of its political views strike accord with the people's wishes; and, that "following the current split, the KMT is in for further splits." Some also express doubts on the ability of the new party "to step out of the shadow and influence of the former KMT"; they wonder if the new party will become "a political bubble party."

Reports on Reaction to Hijacking From Mainland OW1108143993

[Editorial Report] Taipei China Broadcasting Corporation Network in Mandarin at 2300 GMT on 10 August transmits four reports on Taiwan's handling of the 10 August hijacking of a PRC plane to Taipei, and Taiwan's reaction to a PRC request for cooperation on the handling of future incidents.

The first report, 5 minutes long, refers to the hijacking of a Boeing-767 Air China airliner from the mainland to Taiwan by a PRC hijacker on the morning of 10 August. The announcer says the mainland's Association for Relations Across the Taiwan Straits (ARATS) sent a strongly worded letter to the Taiwan Strait Exchange Foundation (SEF) on 10 August, criticizing Taiwan's "erroneous practice of treating airplanes and hijackers separately," and of not giving hijackers due punishment. The letter says this is the cause of repeated hijackings. ARATS also strongly demanded that Taiwan immediately repatriate hijackers along with airplanes. The report notes, however, that the SEF maintains that Taiwan has jurisdiction over these cases and has handled them in accordance with the law.

The announcer says: "In this connection, the Mainland Affairs Council under the Executive Yuan yesterday issued a five-point statement condemning the repeated hijacking of airplanes. The statement stresses that our side has jurisdiction over these cases in accordance with the law." First, because the crimes were committed in an area controlled by Taiwan, it has jurisdiction over these cases in accordance with international law. Second, Taiwan opposes acts of hijacking airplanes. Third, Taiwan urges the mainland to manage flying safety measures better. Fourth, these cases will be included in negotiations on joint efforts to prevent crime. Fifth, Taiwan will handle these cases in accordance with the law, and in this way show the international community that it opposes and condemns the act of hijacking airplanes. The report adds: "Meanwhile, our side will explain this matter to people on the mainland through broadcasts by the China Broadcasting Corporation Network and other radio stations so as to prevent misunderstanding by the other side."

The second report, 2 minutes long, cites recorded remarks by Kao Kung-lien, vice chairman of the Mainland Affairs Council, saying: "According to international practice, hijacking cases are all handled based on the principle of treating airplanes and hijackers separately." Kao Kung-lien also urges the mainland to manage flying safety measures better.

In the third report, 1 minute long, the announcer says that an official of the Civil Aeronautics Administration pointed out that the Executive Yuan has given instructions on establishing a policy group composed of heads of various ministries and commissions, and a working group for implementing policy, to formulate a set of procedures for handling hijacking cases.

The fourth report, 2 minutes long, says that concerning the previous hijacking of a mainland airplane to Taiwan by Huang Shugang and Liu Baocai, the Taoyuan Local Court will hear their case this afternoon. The trial is expected to be completed within seven days. The two were charged in accordance with Article 77 of the Civil Aviation Law, and their crime is punishable by death or life imprisonment. People are paying close attention to whether the court will accept the prosecutor's judgment that the two defenders' punishment may be lessened due to their voluntary surrender. Furthermore, Zhang Wen-long, who hijacked a mainland Hsiamen [Xiamen] Airline Company plane to Taiwan on 24 June, is being detained at the Taoyuan Detention House. The prosecutor in charge of his case plans to complete his investigation by the end of August. In conclusion, the report says: "Some people in judicial circles are worried that consecutive hijackings may create an unfavorable factor in the case of Wang Shugang and Liu Baocai, whose verdicts will be announced soon, because, prior to the formulation of a policy on repatriating hijackers, a too lenient sentence may cause a 'chain reaction' [lien shu hsiao ying]."

TV Company Cooperates With Mainland Firm

OW1008043693 Taipei CHUNG YANG JIH PAO in Chinese 2 Aug 93 p 7

[Excerpts] The Po-hsin Entertainment Company, a Kuo-mintang- invested cable TV company, plans to beam programs to 1 billion or more people in the mainland, Taiwan, and Hong Kong. It will cooperate with the Art Satellite Company, a Chinese Communist-Hong Kong joint venture, in this "expanded propagation" project. This has initiated a reform in cross-strait cultural interaction and the remapping of broadcasting scope by the Chinese.

The Po-hsin Entertainment Company and the Art Satellite Company signed a cooperation agreement last Thursday [29 July]. According to it, Po-hsin will rent four channel converters [zhuan pin qi 6567 7340 8092] on the Apstart-I [preceding name in English], Asia's second regional satellite to be launched in June 1994, to begin its TV transmission service and formally take a step forward in Taiwan's satellite TV development history. The Apstart-I is scheduled to operate officially in August 1994.

He Pang-ting, managing director of the Po-hsin Entertainment Company, confirmed that he and Po-hsin's president Shen Shih-hsiung have signed a letter of intent for renting channels with the Art Satellite Company in Hong Kong, and an official lease will be signed in the near future to make Po-hsin Taiwan's sole channel dealer who has the right to transmit TV programs through channels of Asia's regional satellite.

After obtaining the right to use channel converters, Po-hsin Company's programs can reach all of Asia, including the mainland. However, as the mainland's TV

system is different from Taiwan's, mainland viewers will need converters to receive Po-hsin's programs. [passage omitted]

According to Po-hsin's broadcasting chart, in Taiwan, dish antennae with diameters from 9 to 12 feet will be large enough to receive signals from the Apstart-I. Antennae like these are much lighter and smaller than those for receiving signals from the Asiasat-I.

It is still uncertain how many channels will be on the Apstart-I, which is set to be launched in June 1994, but Po-hsin will use the four rented channel converters to run channels for films, animated cartoons, news, and entertainment programs.

Li Teng-hui: KMT To Continue To Lead Nation

*OW1108180993 Taipei CNA in English 1448 GMT
11 Aug 93*

[Text] Taipei, Aug. 11 (CNA)—The ruling Kuomintang (KMT) will continue to lead the Republic of China [ROC] on its modernization drive, President Li Teng-hui said Wednesday [11 August] in his capacity as KMT chairman.

Li made the statement during the last weekly meeting of the 13th Central Standing Committee of the ruling party.

Li thanked all committee members for their devoted service to the party and the country during the past five years.

"It is the most meaningful and fruitful period in our party's 99-year history," Li noted.

During the period, Li said, the ROC has achieved outstanding political, economic and social development under the KMT leadership. "We have almost realized our goal of becoming an industrialized, democratic country."

"Your efforts have paid off as our party has laid a solid foundation for our future development," Li said.

He also called for party unity in order to address new challenges ahead and create a healthy, clean political environment.

The KMT will hold its 14th national congress from Aug. 16-22 to chart the party's future course. Several Central Standing Committee members have openly expressed their desire to retire, and a reshuffling in the party's power structure is expected.

"I believe after the congress the party will be able to project a fresh image," Li stated.

Speaking on the same occasion, former Premier Li Huan, who is a committee member, said the KMT should accelerate party reforms and promote able and moral members to leadership posts in order to strengthen party unity.

Business Leaders To Attend Conference in U.S.

*OW0908081193 Taipei CNA in English 0746 GMT
9 Aug 93*

[Text] Taipei, Aug. 9 (CNA)—An expected 200 industrial and financial leaders from Taiwan will meet with their United States counterparts for a business conference on Sept. 22-24 in South Carolina.

Participants from both nations will discuss the theme, "Taiwan—Gateway to the Asian Market" during the conference. The meeting will be sponsored by the ROC [Republic of China]-USA and USA-ROC Economic Councils.

Jeffrey Koo, chairman of the ROC-USA Economic Council, said the meeting will seek to establish an industrial strategic alliance to help improve economic and trade policies and benefit businessmen from both countries.

The USA-ROC Economic Council said it hopes to attract a large number of American businessmen to the meeting in order to explore the greater China market which includes Taiwan, Mainland China, and Hong Kong.

US Secretary of Commerce Ron Brown has been invited to speak at the plenary session of the conference on Sept. 23.

Other speakers will include James R. Lilley, former US ambassador to Beijing; Natale Bellocchi [spelling of name as received], chairman and managing director of the American Institute in Taiwan; Ding Mou-shih, representative of the Coordination Council for North American Affairs in the United States, and Hsiao Wan-chang, chairman of the ROC's Council for Economic Planning and Development.

Taipei To Open Representative Office in Mexico

*OW1208105293 Taipei CNA in English 0750 GMT
12 Aug 93*

[Text] Taipei, Aug. 12 (CNA)—The Republic of China [ROC]'s trade relations with Mexico are expected to improve after its representative office is established in Mexico City.

ROC Foreign Ministry officials said they are looking for a suitable location and staff for the office. The Taipei Economic and Cultural Office in Mexico is expected to open in September.

In addition, a 100-member delegation headed by Pan Huan-chang, director of the Mexican Affairs Committee of the Chinese National Association of Industry and Commerce, will visit Mexico City in late September.

Members of the ROC trade delegation will attend the fifth joint meeting of ROC-Mexico bilateral committees scheduled for Sept. 26-Oct. 4 to discuss how to strengthen ROC-Mexican investment cooperation and expand economic growth.

Mexico is Taiwan's third largest trading partner in Latin America with two-way trade totaling US\$620 million in 1992. Brazil and Chile are Taiwan's top two trading partners in the region.

During the late September meeting, six groups will meet to discuss trade in textiles and garments, leather, car components, computer and electronic parts, electronics, and machinery products.

Meanwhile, the semi-official China External Trade Development Council will sponsor a Taiwan industrial fair from Sept. 28 to Oct. 2 in Mexico City to promote bilateral trade, officials added.

Foreigners File Over 90% of Patent Applications

*OW1108083193 Taipei CNA in English 0749 GMT
11 Aug 93*

[Text] Taipei, Aug. 11 (CNA)— More than 90 percent of all patent applications approved in Taiwan over the past five years were filed by foreign countries, according to the National Bureau of Standards.

Of the 32,916 patent applications approved between 1988-92, only 2,053 were local applications, while foreign applications accounted for 93.7 percent, or 30,863 of the approvals.

Taiwan lags far behind other countries in receiving patent approval. For example, 299 Taiwan patent applications were approved by Japan between 1986-91, while Japan had 20,596 patent applications approved by Taiwan during the same period.

Taiwan only had 3,625 patent applications approved by the United States while 15,327 U.S. applications were approved in Taiwan in the same amount of time.

Standards bureau officials voiced their concern about the alarming figure, saying that the high number of foreign patent approvals hinders the development of domestic hi-tech industry.

Foreign Brokerages Apply for Establishment

*OW1208144893 Taipei CNA in English 1349 GMT
12 Aug 93*

[Text] Taipei, Aug. 12 (CNA)—The Central Bank of China (CBC) Thursday [12 August] began receiving applications for the establishment of foreign exchange brokerage houses.

"The move is of significance and is a vital step in the development of Taiwan's foreign exchange market," a CBC official said.

CBC Deputy Governor Yu Cheng said if everything goes smoothly, the first foreign exchange brokerages would be in business soon, although he gave no specific date. He added that no quota will be set on the number of such firms doing business.

The main requirement to do business is that a broker must have a capital base of NT\$100 million (US\$3.82 million).

According to CBC regulations, the brokers will be permitted to handle foreign exchange deals, interbank foreign currency [word indistinct], and foreign currency exchanges for both local and foreign banks.

Foreign exchange dealers have said that with the move, the gap now existing between the foreign exchange rates on the Taipei foreign exchange market and the real market rates will close.

Hong Kong

PRC Officials React to Civil Service Policy

'No Consultations' With UK

OW1208041893 Beijing Central People's Radio
Network in Mandarin 2230 GMT 11 Aug 93

[From the "News and Press Review" program]

[Text] Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY, Hong Kong branch, pointed out yesterday [11 August] that before announcing the revision of the regulations governing civil servants employed under overseas contracts, the Hong Kong Government held no consultations whatsoever with the Chinese side.

He believed that this move could undermine the stability of the ranks of civil servants in the later phase of Hong Kong's transitional period, as well as the smooth transition of Hong Kong, adding that such an important issue should have been studied at meetings of the Sino-British Liaison Group.

In regard to the Hong Kong Government's explanation of the revision being a temporary measure, Zhang Junsheng said: This is not a temporary measure at all. The Basic Law clearly stipulates what systems should be retained from Hong Kong's original systems. The Hong Kong Government's unilateral change on such a major issue is unacceptable.

'Formal Channel' Not Used

HK1208072393 Hong Kong WEN WEI PO in Chinese
12 Aug 93 p 12

[Report: "Zhang Junsheng Says the Chinese Side Had Not Been Informed of the New Policy for Expatriate Civil Servants in Advance"]

[Text] Yesterday, after attending the exhibition of a huge oil painting entitled "Enjoyable Night," Zhang Junsheng, deputy director of the XINHUA NEWS AGENCY Hong Kong Branch, spoke to reporters and factually criticized the British Hong Kong Government for failing to inform and consult the Chinese side on its new policy of allowing overseas contract civil servants to transfer to local employment terms.

Zhang Junsheng noted: "Basically, things relating to Hong Kong's transition should be discussed in the Sino-British Joint Liaison Group. Since the new policy allowing expatriate civil servants to transfer to local terms will have an effect on stability within the civil service, as well as on Hong Kong's smooth transition in the latter part of the transitional period, the British Hong Kong Government should have consulted the Chinese side in advance. Nevertheless, it has not done so. Some people have claimed that the Hong Kong Government informed the Chinese side about the new policy in advance. This is not true to the facts. I would like to say a few words about this."

Zhang Junsheng stated: "As for some people's claim that the Hong Kong Government had 'informed' the Chinese side on the new policy in advance, I believe what they referred to is that a Hong Kong Government official on 27 July mentioned the new policy to some officials of the XINHUA NEWS AGENCY Hong Kong Branch during an internal exchange. So-called internal exchanges mean that certain officials of the Hong Kong Government brief Chinese officials at regular intervals on the scope of their departmental work as well as on regulations in order to enhance mutual understanding with us. Such activities have been carried out for quite some time. Thus far, many Hong Kong Government departments have briefed us on their operations. XINHUA NEWS AGENCY Hong Kong Branch has also sent officials to attend such briefings."

"On 27 July, the secretary for the civil service [Anson Chan Fang On-sang] again gave a briefing to officials from the Foreign Affairs Department and Research Office of the XINHUA NEWS AGENCY Hong Kong Branch. During the briefing she mentioned routine civil service operations, responsibilities, and regulations. She also mentioned that employment regulations concerning expatriate civil servants might be altered. At that time, she just briefed us on the overall situation." Zhang Junsheng added: "The deputy director of our foreign affairs department asked a question and reminded her of the importance of the issue. He also expressed the hope that the Hong Kong Government would handle the issue with extreme caution, consult the Chinese side in advance, and give full heed to the opinions of all parties concerned. However, the Hong Kong Government turned a deaf ear to our views and promulgated the new regulations the next day. How can they say that they had informed us of the new policy in advance?"

Zhang Junsheng noted: "Diplomatic messages should be delivered through formal channels. The secretary of the civil service is in no position to deliver a message to us on behalf of the British Hong Kong Government. The formal channel through which such a message should be delivered to the Chinese side in Hong Kong should be that the political adviser of the British Hong Kong Government delivers a message to the Foreign Affairs Department of the Hong Kong Branch of the XINHUA NEWS AGENCY. Only after it is delivered in this way can it be taken as an official message. Moreover, things relating to Hong Kong's transition should also be discussed in the Sino-British Joint Liaison Group. This is the only proper channel."

Zhang Junsheng maintained: "Since the regulations allowing expatriate civil servant to transfer to local employment terms were promulgated, the Hong Kong Government has received much criticism from people of all social strata in Hong Kong, especially from civil servants. We have made it clear that the Hong Kong Government did not inform or consult us in advance. However, some people claim that the Hong Kong Government did inform us in advance. This is not true to the facts. Soon afterwards, we demanded that the Hong

Kong Government clarify this point publicly. However, up until now, namely 11 August, the Hong Kong Government has not yet clarified this point."

Zhang Junsheng stated: "The issue should be handled with caution. We still hope that the Hong Kong Government will give heed to the opinions of all parties concerned and discuss the issue in the Sino-British Joint Liaison Group." When asked by reporters whether it is possible for the Chinese side to raise the issue for discussion in the Sino-British Joint Liaison Group, Zhang Junsheng said that it would be better for the British side to raise the issue.

'Roundup' on Effects of Civil Service Policy

HK1208061893 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0706 GMT 9 Aug 93

["Roundup" by reporter Hong Wen (3126 2429): "Hong Kong Government's New Policy Goes Against Historical Trend; Resentment Grows Within Civil Service Ranks"]

[TEXT] Hong Kong, 9 Aug (ZHONGGUO TONGXUN SHE)—Since the Hong Kong Government unilaterally promulgated a policy of allowing expatriate civil servants to switch to local terms, people in all social strata in society, including various major political groups, have expressed one after another their opposition and resentment and have universally demanded that government abandon its implementation. Local civil servant groups have lobbied members of the Legislative Council [Legco] to move a private member's draft bill in an attempt to overturn the Hong Kong Government's new policy. Hsu Su-min, a member of the National Committee of the Chinese People's Political Consultative Conference, and Peggy Lam Pei Yu-dja are worried that if the Hong Kong Government acts willfully it will surely cause a split in the civil service ranks, thus seriously dampening their morale and work efficiency and causing great waves which should not have emerged during Hong Kong's smooth transition.

Thus far, the Hong Kong Government has not given a convincing explanation of the hasty promulgation of the new policy. Although the government stressed that allowing overseas contract officers to switch to local terms was just a "temporary measure," Hsu Su-min and Lam Pei Yu-dja questioned the government on how it defined the meaning of "temporary" at a time when there are just four years left to 1997. If the government really wants to implement the "temporary measure," has it calculated the price the entire civil service system will have to pay and the resulting long-term impact Hong Kong's society and economy will have to bear?

They pointed out: Localization of civil servants definitely does not mean opposing foreigners. It is believed that Hong Kong will continue to welcome foreign personnel working for the government of the special administrative region after 1997. However, it must be understood that most civil servants of any country in the world, senior civil servants in particular, are citizens of

that country. This is common sense. Such a practice and exclusivism are two entirely different things. Due to historical and other complex reasons, local and expatriate civil servants have always been unequal in terms of position, salary, and treatment. The purpose of pursuing a localization policy in Hong Kong is to allow Chinese and foreign civil servants to have the opportunity to engage in competition on an equal footing. However, the policy recently put forth by the Hong Kong Government is a retrogressive rather than a progressive move toward localization, which will restrict the opportunities of local senior civil servants for promotion and development and allow unfairness to endure beyond 1997.

Hsu Su-min pointed out: Let us keep the other aspects separate and talk in terms of legal principles alone. In making this move, the Hong Kong Government is apparently unwilling to act in accordance with the regulations. In fact, since the contracts of the expatriate civil servants have expired, it is natural that they cannot be extended automatically. If the government acts in accordance with the regulations, it should have been clear about how to handle the issue appropriately on the premise of observing its commitment to the localization of civil servants.

As far as the conditions for the switch are concerned, Mr. Hsu maintained: If staying in Hong Kong for seven years is regarded as a condition for expatriate civil servants to switch to local terms, can Philippine domestic helpers who have stayed in Hong Kong for seven years be similarly "switched to local terms?" Will the Hong Kong Government "treat" them "equally without discrimination?" As he sees it, the move will only bring confusion and harmful consequences to the "localization" policy. What is more worrying is that there is a divisive tendency in the civil service ranks caused by the government's move. Moreover, a plan by local civil servants to lodge a complaint with the government on discrimination and to lobby Legco members to move a private member's draft bill to overturn the Hong Kong Government's new policy could provoke a possible constitutional crisis. As the issue grows, Mr. Hsu and Mrs. Lam hope that the Hong Kong Government will look reality in the face and respect the will of the people. If the government continues to talk irresponsibly and ambiguously and sticks to its position, this could quite possibly add fuel to the fire and make the issue more difficult to resolve. They pointed out: If the resentment of local civil servants does not recede, contradictions between local and expatriate civil servants will intensify, and even a split could occur among them as a result; this will surely hamper the quality, efficiency, and even the administrative prestige of the Hong Kong Government. This is what Hong Kong residents do not want to see. If the Hong Kong Government knowingly persists with its erroneous decision on this issue the consequences could be dangerous.

'Source' Outlines UK Stance on 1994 Elections

HK1208081093 Hong Kong HSIN PAO in Chinese
12 Aug 93 p 5

[Report: "The UK To React to Beijing's Proposal at Meeting on Political Structure"]

[Text] A source close to the British side told our staff reporter that at the ninth round of Sino-British talks, which will be held next Monday [16 August], the UK plans to put forward its counterproposals on the functional constituencies and election committee package which the Chinese side proposed earlier. Apart from firmly objecting to the classification of the China Enterprise Association and the insurance industry as new additions to the functional constituencies, the British side will strive to broaden the electorate extensively and the representation of other newly added functional constituencies proposed by the Chinese side.

The source stressed: The through train issue is still the key to the success of the talks. The British side considers that it will be difficult to make a breakthrough in the talks unless the Chinese side is willing to state specific, reasonable, and objective criteria on the through train. The British side hopes that the Chinese side will present a specific proposal on the through train issue.

The source pointed out: The British side does not want the talks to be in complete deadlock. In order to make certain progress in the talks, the British side plans to put forward its counterproposals on the political structure at the talks held next Monday. The British side considers that the electorate for the nine functional constituencies can be narrowed appropriately from the basis of the 2.7 million electorate proposed by Hong Kong Governor Patten. However, the British side will strive to substitute the legal group voting proposed by the Chinese side with individual voting so that the electorate for the nine functional constituencies will not deviate much from the Patten package.

The source said: There is room for further broadening in the representation of a number of functional seats proposed by the Chinese side. For example, the cultural and entertainment circles can be added to the seat from sports circles proposed by the Chinese side so that this constituency can represent the cultural, entertainment, recreational, and sports circles, thus strengthening its representation.

It was revealed that the British side considered the electorate for a functional seat for neighborhood welfare associations proposed by the Chinese side to be too narrow, and the British side is working out a proposal to add executive members to the mutual aid committees in various public housing estates to greatly increase the number of voters in this constituency.

It is understood that the British side will resolutely oppose the classification of the China Enterprise Association and the insurance industry as functional constituencies, and the

British side is considering a counterproposal to list other trades and professions as functional constituencies which have a greater representation but still have representatives in the Legislative Council [Legco] at present. For example, classifying the hotel and catering industry as a newly added seat is under consideration.

On the other hand, a Chinese source said: The Chinese side considered balancing the interests of various strata before proposing the nine functional constituencies. If the British side is willing to revise the composition of certain constituencies on this basis, the Chinese side considers that the issue is absolutely open to discussion. He said: If the British side puts forward counterproposals other than Patten's package, it will help the talks make greater progress.

The source said: If the British side has reservations about creating a functional constituency for the insurance industry, the Chinese side is willing to consider further broadening its electorate. For example, the insurance industry and other related trades and professions could be merged into a constituency with greater representation. However, the Chinese side considers that since Chinese-funded enterprises have made a great contribution to Hong Kong's economic prosperity, it is in fact rational for them to have a Legco seat.

The source said: The Chinese side will ask for an acceleration in the pace of the talks. The Chinese side hopes that the talks will be held more frequently after the ninth round. The Chinese side hopes that both sides can first reach a consensus on the functional constituencies and the election committee before their foreign ministers meet in New York in late September.

Philippine Vice President Arrives in Territory

HK1208062093 Quezon City ABS-CBN Broadcasting Corporation DZMM in Tagalog 0400 GMT 12 Aug 93

[Italicized words spoken in English]

[Text] Ike Gutierrez, spokesman for Vice President Joseph Estrada, chairman of the Presidential Anticrime Commission [PACC], confirmed today that the vice president is indeed in Hong Kong on an official mission. Gutierrez declined to give any details on the trip. He said, however, that the trip is line with the PACC's pending cases.

[Begin Gutierrez recording] It is true that he left yesterday on the 1720 flight and he is there *for official PACC matters*. There are details of the trip which I am not at liberty to divulge. I can say, however, that the trip is in relation to pending cases filed by the PACC here in the Philippines. [end recording]

'Blacklisted' Journalist To Visit Mainland

HK1208033493 Hong Kong *THE STANDARD* in English 12 Aug 93 p 10

[Report by Angel Lau]

[Text] A Hong Kong journalist blacklisted by China will visit the mainland next week for the first time in four years.

Political commentator Lau Yui-siu is among the seven-member Hong Kong Journalists' Association (HKJA) delegation going to China next week—the first such visit since the 1989 crackdown.

Lau, former WEN WEI PO correspondent in Beijing, was blamed by Chinese authorities for fanning student demonstrations with his negative reports about the communist government. He will visit Beijing and Shanghai for a week as an executive committee member of the association.

Lau said his blacklisting after the Tiananmen crackdown had not created any obstacles for the China trip, which was aimed at establishing a regular channel of communication between journalists in Hong Kong and on the mainland. "I'll go as an ordinary person. What I am doing is right, rational and legal and, as far as I can see, there won't be any problem." He praised the Chinese government for its improved handling of journalism.

The mainland trip was originally planned for May, according to chairman Daisy Li Yuet-wah, who will also be in the delegation.

However, the trip was postponed because the All China Journalists Association (ACJA), the mainland coordinator of the HKJA trip, was "too busy", Li said.

The delegation hopes to visit media organisations in the two cities, including the government Propaganda Department, but the final schedule has yet to be finalised by the ACJA.

China Investment Bank Issues Notes in Territory

OW1008130693 Beijing *XINHUA* in English 1152 GMT 10 Aug 93

[Text] Hong Kong, August 10 (XINHUA)—China Investment Bank announced today it will issue in Hong Kong 100 million U.S. dollars of floating rate notes due 1998.

The bond issue is made up of five-year floating rate notes due 1998 at an issue price of 100 percent. The interest margin is at 52.5 basis point over the six-month London inter-bank offered rate, and the interest adjustment period is six months.

The bond issue is expected to be listed on the Hong Kong stock exchange, scheduled on August 26.

According to the Nomura International (Hong Kong) Ltd, listing sponsor for the issue, the investment bank will use the proceeds from the issue as working capital to fund its activities in lending, leasing, loan guarantees and other investments.

Established in 1981, the bank is a state-owned Bank of China, whose principal activity is to tap international funds for investment loans to Chinese industries.

By the end of 1992, the bank had total assets of about three billion U.S. dollars. Its profit before tax for 1992 was about 15.6 million U.S. dollars.

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